

# THE DRAFT TREATY FOR THE WORLD DISARMAMENT CONFERENCE

by

WILLIAM T. STONE

*with the aid of the Research Staff of the Foreign Policy Association*

1 1 1

## INTRODUCTION

ON January 24 the Council of the League of Nations formally invited the governments of the world, including the United States, Soviet Russia and other non-members of the League, to participate in the first general Disarmament Conference. This Conference, which may prove to be the most important international gathering since the Peace Conference, has been called for February 2, 1932. More than fifty nations are expected to take part, and will have before them, as a working text, the Draft Treaty submitted by the Preparatory Commission.

The Draft Treaty, which is analyzed in this report, provides a skeleton agreement for the limitation and reduction of land, naval and air forces. It does not contain the figures at which armaments are to be limited, nor does it have the unanimous approval of the thirty-two governments which were represented on the Preparatory Commission. Soviet Russia took exception to the Draft Treaty as a whole and reserved the right to propose its own plan at the final Conference. Germany submitted twenty objections or reservations; and more than fifty reservations in all were made by different countries.

During the next twelve months strenuous efforts will be made to remove the technical and political differences which stand in the way of a final agreement. Compromise on vital issues will be difficult at a final Conference. It is recognized, therefore, that unless these difficulties can be removed by direct negotiations before the Conference meets, its ultimate success will be jeopardized. It is recognized likewise that the failure of the Disarmament Conference would be a major

catastrophe, the effects of which could not be predicted.

## THE MILITARY OBLIGATIONS IN THE PEACE TREATIES

Before reviewing the work of the Preparatory Commission, brief mention must be made of the military obligations laid down in the Treaties of Peace of 1919. Under these treaties the armed forces of four countries—Germany, Austria, Hungary and Bulgaria—are strictly limited at levels determined by the Allied and Associated Powers. The German army is reduced to 100,000 officers and men, compulsory military service is abolished, police forces are limited, armament factories are restricted and controlled, and the guns, tanks and other equipment for war are fixed at a level intended to make military aggression impossible. The German navy is restricted to half a dozen battleships and light cruisers, twelve destroyers and twelve torpedo boats. No military or naval air forces of any kind are allowed.<sup>1</sup>

The military provisions of the treaties between the Allies and Austria, Hungary and Bulgaria are similar to those of the Treaty of Versailles.<sup>2</sup> The Austrian army is limited to 30,000 officers and men, the Hungarian to 35,000, and the Bulgarian to 20,000.

These four countries, headed by Germany, contend that the other parties to the Treaties

1. Treaty of Peace between the Allied and Associated Powers and Germany, Part 5, Articles 159-213. For a fuller summary of the military provisions of the Versailles Treaty, cf. David Woodward, "Limitation of Land Armaments," Foreign Policy Association, *Information Service*, Vol. VI, No. 2, April 2, 1930.

2. Treaty of Peace between the Allied and Associated Powers and Austria, Part 5, Articles 118-159. Treaty of Peace, etc. with Hungary, Part 5, Articles 155-207. Treaty of Peace, etc. with Bulgaria, Part 5, Articles 102-143. The Treaty of Sèvres with Turkey never came into effect. Following its military victory, Turkey concluded the Treaty of Lausanne, 1923, which imposed no military restrictions.

of Peace and the members of the League of Nations are under a legal and moral obligation to reduce their own armaments. The obligation to disarm is contained in the Preamble to Part 5 of the Treaties of Peace, and in the Covenant of the League of Nations.<sup>4</sup>

The Preamble to Part 5 of each of the Peace Treaties reads as follows:<sup>5</sup>

"In order to render possible the initiation of the general limitation of the armaments of all nations, . . . undertakes strictly to observe the military, naval and air clause which follows."

Article 8 of the Covenant contains the following provisions, among others:

"The Members of the League recognize that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations.

"The Council, taking account of the geographical situation and circumstances of each State, shall formulate plans for such reduction for the consideration and action of the several Governments."

France and its allies have contested the claim that these provisions impose a legal obligation on them to reduce their armaments to the levels fixed for Germany. All members of the League have acknowledged, however, the moral obligation to limit and reduce armaments to the "lowest point consistent with national safety."

#### ESTABLISHMENT OF THE PREPARATORY COMMISSION

The Preparatory Commission for the Disarmament Conference was established by the League Council in December 1925. Its creation marked a departure from the political approach to the question of disarmament, in favor of a direct or technical attack.<sup>6</sup>

4. Article 8.

5. Although the United States is not a signatory to the Versailles Treaty, the military, naval and air clauses, as well as the Preamble, are incorporated with slight modifications in the Treaty of Peace between the United States and Germany.

6. For the Geneva Protocol and other efforts to find "security" as a basis for disarmament, cf. *Yearbook of the League of Nations, 1925, 1926, 1927, 1928, 1929*, Boston, World Peace Foundation.

The states originally represented on the Preparatory Commission were: France, Belgium, Brazil, the British Empire, Spain, Italy, Japan, Sweden, Czechoslovakia and Uruguay, all members of the Council; Bulgaria, Finland, the Netherlands, Poland, Rumania and Yugoslavia, members of the League. The United States and Germany, non-members of the League, accepted an invitation to participate. Soviet Russia did not accept the invitation of the League until the Third Session of the Preparatory Commission in 1927. Turkey was not invited until 1929. *League of Nations, Documents of the Preparatory Commission, Series I, C.9.M.5.1926.IX.*

In effect, the Commission was a preliminary disarmament conference. It was composed of official representatives of all the great powers and most of the states which had either an interest in disarmament (like Germany and the smaller European neutrals) or an interest in the comparative levels of armament. For the most part the delegates to the Preparatory Commission were the same men who had served on the earlier disarmament commissions of the League—men like Lord Cecil of Great Britain, M. Paul-Boncour of France and M. Cobian of Spain. Hugh L. Gibson, at the time Minister to Switzerland, represented the United States.

The Preparatory Commission was not authorized to fix the figures at which armaments were to be limited or to which they were to be reduced. It was instructed to determine *what* should be limited and *how* limitation could be accomplished. In other words, it was to deal only with methods of disarmament. The Commission itself decided to prepare a draft treaty text in which the tables for limitation or reduction of military, naval and air establishments were to be left blank.

This task of the Preparatory Commission, which at the outset was expected to take about a year, actually required almost five years. Various explanations for the delays and setbacks have been put forward: the enormous technical difficulties inherent in the disarmament problem; the necessity for prolonged study of each new proposal by the governments; the lack of authority of the delegates, who were frequently required to consult their governments, and the absence of an international organization for security which would permit concessions.

#### A BRIEF REVIEW OF THE SIX COMMISSION SESSIONS

The earlier meetings of the Preparatory Commission cannot be reviewed in chronological order.<sup>8</sup> The origin of the various provisions which found their way into the

8. Cf. "Disarmament and the Five Naval Powers," Foreign Policy Association, *Information Service*, Vol. III, No. 2, March 30, 1927; "The Disarmament Deadlock," Vol. IV, No. 19, November 23, 1928; Raymond Leslie Buell, "Anglo-American Naval Understanding," Vol. V, No. 10, July 24, 1929; David Woodward, "Limitation of Land Armaments," Vol. VI, No. 2, April 2, 1930; William T. Stone, "The London Naval Conference," Vol. VI, No. 6, May 28, 1930 and David Woodward, "Limitation of Air Armaments," Vol. VI, No. 17, October 29, 1930.

final Draft Convention and the more important discussions of these meetings are taken up under the six main parts of the Treaty. A brief résumé of the six sessions of the Commission and of the Geneva and London naval conferences may prove helpful, however, in following the final report and the Draft Convention.

*First Session* (May 18-26, 1926): Study of questionnaire submitted by League Council. Creation of sub-Commission A composed of military, navy and air experts, and sub-Commission B composed of non-military representatives to deal with political or economic questions.

*Second Session* (September 22-27, 1926): Review of the work of sub-Commissions A and B. Assembly of the League, meeting simultaneously, expressed the desire that the work of the Preparatory Commission "be brought to a conclusion as soon as possible so as to permit the Council to convene the general Conference within the next year."

*Third Session* (March 21-April 26, 1927): Review of reports submitted by sub-Commissions A and B. First reading of Draft Treaty based on original texts submitted by Great Britain and France. Deadlock reached on limitation of naval arms.

*Geneva Naval Conference* (June 20-August 4, 1927): Called by President Coolidge to attempt solution of naval deadlock. United States, Great Britain and Japan attended Conference but failed to reach agreement.

*Fourth Session* (November 30-December 3, 1927): Soviet delegation, represented for first time, submitted proposals for immediate and complete disarmament. Action deferred until next session. On proposal of France, Committee on Arbitration and Security established.

*Fifth Session* (March 15-24, 1928): Soviet proposals for immediate and complete disarmament rejected. Decision to proceed on original basis.

*Sixth Session, First Part* (April 15-May 6, 1929): Second reading of Draft Treaty begun. Limitation of trained reserves excluded. Direct limitation of war material abandoned in favor of publicity. Soviet proposal for proportionate reduction of armaments rejected. United States proposal for solution of naval deadlock referred to leading naval powers. Meeting adjourned to permit direct negotiations between naval powers.

*London Naval Conference* (January 21-April 4, 1930): Naval limitation agreement signed by United States, British Empire and Japan. Minor provisions signed by France and Italy. Compromise on methods of naval disarmament forwarded to Preparatory Commission by chairman of London Conference.

*Sixth Session, Second Part* (November 3-December 9, 1930): Completion of second and third readings of the Draft Treaty and adjournment of the Commission, *sine die*.

## THE COMPLETION OF THE DRAFT TREATY FOR DISARMAMENT

When the Preparatory Commission re-assembled on November 3, 1930 for the second part of the Sixth Session, it determined to finish its task and submit the Draft Treaty before it adjourned. Eighteen months had elapsed since the first part of the Sixth Session, which suspended its work in May 1929 in order that the naval powers might seek a direct solution of the controversy which had deadlocked the Commission. The London Conference had adjusted the old controversy between the methods of limitation by categories and limitation by global (total) tonnage. Nevertheless, France and Italy had not been able to sign the limitation provisions, and by the end of the Conference friction between the two countries had reached a point where compromise was difficult.<sup>9</sup>

When the League Assembly met in September, a number of political questions were causing anxiety. The Franco-Italian naval dispute remained unsolved and no immediate solution was in sight. Bellicose speeches by Mussolini were accompanied by sharp replies in the French press. The project for European union revived discussion of revision of the treaties of peace. The German elections in September resulted in gains by the extreme nationalists. The economic depression, which gripped the entire capitalist world, increased the prevailing pessimism. The Assembly, in reviewing the work for disarmament, urged all possible haste, but declined to specify that the final Disarmament Conference be held in 1931.

In this atmosphere, the Preparatory Commission resumed its labors. At the outset it agreed to proceed with the second and third readings of the Draft Convention which had been before it for three years. At the suggestion of Lord Cecil, the British delegate, the Commission agreed that texts adopted at the earlier meetings might be reconsidered should governments desire to

9. Cf. W. T. Stone, "The London Naval Conference," cited.

re-open questions already decided. Thus the way was opened for further debate on the contentious questions of trained reserves, direct limitation of land war material and the method of budgetary limitation. The

Draft Convention was completed on December 9, 1930 and after approving the final report to the League Council, the Preparatory Commission adjourned, thus bringing its work to a close.

## THE FRAMEWORK OF THE DRAFT TREATY

### PART I—EFFECTIVES

*The number of men in service in the Land, Naval and Air Forces to be limited.*

One of the obvious elements of military strength is trained personnel. The number of men available for service in time of war is a decisive factor in the strength of land armies.<sup>1</sup> Limitation of personnel, or *effectives*, therefore, was proposed as the first chapter of the Draft Convention.

The Commission, however, found it difficult to apply this principle or to agree on what should constitute effectives. The question was complicated by the fact that some countries employ a professional standing army recruited by volunteer enlistment, while other countries depend on a conscript army<sup>2</sup> and its corollary, trained reserves.

#### THE ISSUE OF TRAINED RESERVES

In 1926 and 1927 there was a sharp difference of opinion on the question of including trained reserves. Great Britain, supported by the United States, Germany, the Netherlands, Spain, Sweden, Finland and Bulgaria, took the position that trained reserves constituted a most important element of peace-time strength and accordingly should be limited.<sup>3</sup> France, supported by Italy, Japan, Poland, Czechoslovakia, Yugoslavia, Rumania

and other countries with the conscript system, strongly opposed limitation of trained reserves. At the outset members of this group argued that it was both impracticable and unfair to include trained reserves in estimating peace-time strength. It was impracticable, because trained reserves actually exist and could not be automatically abolished by a mere declaration. It was unfair, moreover, to limit the reserves of conscript armies while not limiting sailors of the merchant marine, civil aviators, or trained militia who would be available for service in time of war in countries employing the volunteer system. Finally, there was the difficulty of comparing the value of a conscript and a volunteer soldier.<sup>3a</sup>

The issue of trained reserves was debated at length during the Third Session of the Commission in 1927. A majority favored the French text excluding trained reserves from limitation.<sup>4</sup> Germany, Great Britain and the United States declined to accept the majority view and entered reservations to this chapter of the Convention.<sup>5</sup>

3a. Cf. David Woodward, "Limitation of Land Armaments," cited.

4. The French text limited "effectives in service in armed forces. . . who may for that reason be immediately employed without having to be mobilized. . . ." The alternative British text included trained reserves by defining effectives as "troops who could, within . . . of the outbreak of hostilities be available for dispatch to the firing line." League of Nations, *Minutes of the Third Session*, C.310.M.109.1927.IX., Documents, p. 45.

5. While the American delegation favored limitation of the reserves of conscript armies it objected to the limitation of state militia on the ground that "the American Federal Government exercises no supervision or authority over police forces or other organizations of that character administered by the states or their political and administrative subdivisions."

Under existing law: "When Congress shall have authorized the use of the armed land forces of the United States for any purpose requiring the use of troops in excess of those of the Regular Army, the President may . . . draft into the period of military service of the United States, to serve therein for the period of the war or emergency, unless sooner discharged, any or all members of the National Guard and of the National Guard Reserve." Statement submitted by the United States; cf. *Armaments Year-Book, 1929-1930*, p. 897.

1. Personnel is a secondary factor in both naval and air forces, where ships and airplanes are regarded as the first elements of strength.

2. According to the *Armaments Year-Book, 1930*, thirty-six countries employ the conscript system, while ten countries employ the volunteer system. Two countries employ a combination of conscript and volunteer system. Under the conscript system the men who have served their term with the active army return to civilian life but remain subject to call for military service in time of war and are liable for short training periods for a number of years. In countries which employ the conscript system the reserve strength greatly exceeds the strength of the active army.

3. Not all of the countries which originally advocated limitation of trained reserves employed volunteer armies. The Netherlands, Spain, Sweden and Finland, although having conscript armies, favored limitation of trained reserves.



Two years elapsed between the first and second readings of Part I. When the question came up again during the first part of the Sixth Session in 1929, the United States and Great Britain abandoned their opposition to the more limited French text. Great Britain had agreed to accept the French view on trained reserves in the Anglo-French compromise on naval questions negotiated by Sir Austen Chamberlain in the summer of 1928. The compromise was abandoned, but the British delegation at the next meeting of the Preparatory Commission did not oppose the French thesis.<sup>6</sup> The American delegation, however, was the first to inform the Preparatory Commission of its willingness to accept the majority view—in this case the French view. On April 26, 1929 Mr. Gibson said that the United States had not changed its opinion but recognized that concessions would have to be made if a draft treaty was to be completed. Therefore,

“... the United States as a practical matter is disposed to defer to the views of the majority . . . and in the Draft Convention before us to accept their ideas in the matter of trained reserves.”

Lord Cushendun, who had replaced Lord Cecil as first British delegate, welcomed the American statement and adopted a similar position.

Mr. Gibson's “concession” was warmly received by the French delegation. The German delegation, on the other hand, while approving the spirit of compromise, issued a solemn warning that unless similar concessions were forthcoming from other countries, the Disarmament Treaty could not be accepted by Germany. Declaring that Germany had not only been forced to reduce its effectives but had been prohibited from forming any trained reserves whatever, Count Bernstorff warned that Germany could only consider a treaty which “provided an appreciable reduction in armaments.”<sup>7</sup>

The decision taken in 1929 was not formally reconsidered when the Commission

met again in November 1930. Germany made an effort to have the Commission limit the size of the annual contingent as well as the period of service for conscript armies. Its amendment was rejected by a vote of twelve to six with many abstentions. Soviet Russia, Norway, Sweden, China and the Netherlands were the only countries to support the German amendment. The United States abstained from voting.

#### TRAINED RESERVES EXCLUDED BY THE DRAFT TREATY

The Draft Treaty, therefore, as finally approved, limits only the effectives on active service together with formations organized on a military basis. Articles 2, 3 and 4, which provide for the limitation of effectives, are followed by blank tables in which the totals of armed effectives in land, sea and air forces are to be filled in at the final Conference. Additional provisions<sup>8</sup> apply only to effectives recruited by conscription. A maximum period of service, which no country shall be permitted to exceed, is stipulated, but each country may insert a shorter period at the Conference if it chooses.

The German delegation made the following general objection to the whole of Part I:

“The stipulations do not provide—either directly or by a reduction in the number of the annual contingent or by a strict determination of the period of active service—for a reduction or limitation of trained reserves. . . .

“Moreover, the stipulations do not provide for any method whereby the effectives of conscript armies . . . could be reduced to comparable units of calculation.”<sup>9</sup>

As compared with the personnel of land armies, naval and air effectives are relatively unimportant. Up until 1930 the United States and Great Britain opposed the limitation of naval personnel. Neither the Washington Naval Treaty nor the London Naval Treaty placed any limitation on the numbers of officers and men. At the last session of the Preparatory Commission, however, both countries accepted the principle of limitation of naval and air effectives.

6. Great Britain, Secretary of State for Foreign Affairs, *Papers regarding the Limitation of Naval Armaments*, Cmd. 3211, H. M. Stationery Office, 1928, p. 29.

7. Speech of Mr. Gibson at the Sixth Session, League of Nations, Documents, cited, p. 114.

8. *Ibid.*, p. 116.

9. Articles 5-9.

10. League of Nations, Documents, cited. *Report by the Commission*, Paragraph 79, C.690.M.289.1930.IX.

## PART II—LIMITATION OF MATERIAL

*Land material to be limited indirectly, by limitation of expenditure; Naval material to be limited directly, by tonnage and by expenditure; Air material to be limited directly, by number and horsepower.*

### LAND ARMAMENTS<sup>11</sup>

If the trained personnel is one vital element of military strength, material is another equally vital element. Material includes all of the mechanical equipment for waging war. Guns, rifles, mortars, tanks, armored cars and ammunition are the material of land armaments. Battleships, cruisers and other vessels, as well as non-floating equipment, are the material of naval armaments. Airplanes and dirigibles are the material of air armaments. Some military writers contend that material has become the decisive factor in modern warfare. Thus, at the last session of the Preparatory Commission, Lord Cecil quoted General von Seeckt, the former German *Reichswehr* Commander, to the effect that future armies will consist of a comparatively small number of men very completely equipped with the most effective mechanical means for waging war.<sup>12</sup> Whether or not this view is widely accepted, material on hand and in reserve is a vital factor in armaments.

### Proposed Methods of Limitation

In the original Draft Conventions submitted as a basis for discussion by the British and French delegations in 1927, no provision was made for direct limitation of land material. The British draft provided for direct limitation of naval and air but not land material. The French draft proposed an indirect method of limiting land material by controlling expenditures. In another section, the French draft provided for limiting the total expenditure on land, naval and air forces, including personnel.

Germany strongly protested the indirect method as applied to land material unless combined with direct limitation. Count Bernstorff pointed out that Germany had been forced to accept direct limitation. The

German supply of guns and tanks and ammunition had been strictly limited by the Versailles Treaty. If the obligations contained in the Versailles Treaty and the Covenant of the League of Nations were to be carried out, the other powers would be required to accept a similar method of limitation. Germany would not oppose the budgetary method if combined with direct limitation, but limitation of expenditure alone, according to Germany, would leave entirely untouched the large existing stocks of war material, both in service and in reserve.<sup>13</sup>

When the French text was proposed on first reading in 1927, the German delegation moved an amendment to provide for direct limitation of land material. Count Bernstorff proposed the insertion of a table limiting directly the number of rifles, machine guns, howitzers, mortars, tanks and armored cars and the quantity of ammunition. In principle, the United States, the Netherlands, Sweden and Finland supported the method of direct limitation. France, Poland, Rumania, Yugoslavia and Japan, among others, opposed direct limitation. These countries produced a number of technical arguments against the direct method, the most imposing of which was the claim that direct limitation could not be enforced. M. Paul-Boncour, the French delegate, put the case bluntly when he said that nations could not be trusted to report fully their stocks of arms and munitions. He went on to say that international supervision was essential to insure respect for the treaty, and added that direct limitation could not be brought about until the League of Nations had

“... so increased in power, and is so strong, so powerful, so resolved to use its power at all times that there will be no single dispute in any part of the world in which it will not intervene, having at its disposal . . . sufficient armed strength to insure respect for its decisions.”<sup>14</sup>

11. Chapter A.

12. League of Nations, *Provisional Minutes of the Sixth Session* (Second Part), Fourth Meeting, p. 39.

13. Count Bernstorff pointed further to the fact that sub-Commission B had come to the opinion that limitation by expenditure only would be inadequate as the basis of a convention. League of Nations, Documents, cited, *Minutes of Third Session*, p. 210.

14. *Ibid.*, p. 199.

### American Opposition to Budgetary Limitation

The United States, while favoring direct limitation, was emphatically opposed to supervision of any kind and particularly to supervision by the League of Nations.<sup>15</sup> At the same session Mr. Gibson also opposed the method of budgetary limitation, both as applied to expenditure on war material and to total budgets. He gave three reasons for the opposition of the United States: first, that due to the varying military and budgetary systems in the different countries, expenditures could not be compared or converted to a common basis; second, that due to differences in rates of pay, etc., any attempt to apply this method would be unfair and inequitable; third, that limitation of expenditure was an indirect method of obtaining a limitation of armaments which might be better obtained directly.

The American objection that expenditures in one country could not be compared with those in another country was recognized by the Commission as a valid criticism. Accordingly, it was agreed that in applying the budgetary method, no comparison between countries should be made, but only between expenditures of each country for consecutive years. In other words, it was proposed that each country set itself a limit beyond which it would agree not to go.

No agreement on direct or indirect limitation of land material was reached during the Third Session of the Commission in 1927. The German text and the French text were, therefore, printed in parallel columns in the report. Nor was there agreement when the question came up again for second reading in 1929. In this situation the United States again suggested a method of compromise. Mr. Gibson, cooperating with the French delegation, introduced a resolution suggesting "publicity of expenditure," as a method on which all countries could agree. This resolution was adopted by twenty-two votes to two. The Soviet and Chinese delegations voted against the resolution, while Germany abstained. Thus, in effect, the Commission declared its inability to agree on any method of limiting land material.

When the Preparatory Commission re-assembled in November 1930 for the second part of the Sixth Session, the position of a number of countries had been altered. Great Britain and other countries which had been doubtful about the effectiveness of budgetary limitation now favored its adoption. They took the position that failure to provide any method of limiting land material would leave a grave defect in the Convention, and that for practical reasons budgetary limitation could be applied more effectively than direct limitation.<sup>16</sup> Thus the American-French compromise resolution was laid aside and a new debate on direct versus budgetary limitation was begun.

### The Recorded Votes on Limitation Methods

This debate, which lasted for several days, resulted in a series of votes on the different methods. Three questions of principle were put to the vote:<sup>17</sup>

1. On a German amendment proposing the method of direct limitation, nine delegations voted for, nine voted against, and seven abstained. The roll call was as follows:  
*For*—Germany, Canada, the United States, Italy, the Netherlands, Sweden, Soviet Russia, Turkey, Venezuela.  
*Against*—Belgium, Czechoslovakia, Finland, France, Japan, Yugoslavia, Persia, Poland, Rumania.  
*Abstained*—Bulgaria, China, the British Empire, Spain, the Irish Free State, Greece, Norway.
2. On an Italian proposal for combining the budgetary method with the direct method, nine delegations voted for, eleven voted against, five abstained. The roll call was as follows:  
*For*—Germany, Canada, the Irish Free State, Italy, the Netherlands, Sweden, Soviet Russia, Turkey, Venezuela.  
*Against*—Belgium, the British Empire, Spain, Finland, France, Japan, Persia, Poland, Rumania, Czechoslovakia, Yugoslavia.  
*Abstained*—Bulgaria, China, the United States, Greece, Norway.
3. On a British resolution, stating that the Commission "accepts by a majority the principle of limitation by budgetary methods of land

16. It was contended that direct limitation would be difficult to apply because no accurate definition of the various kinds of land armaments could be devised. There are many different sizes and types of tanks, for example, and those of one country may not be comparable with those of another. There is, likewise, great variation in machine guns and equipment of all kinds. Cf. League of Nations, *Provisional Minutes of the Sixth Session* (Second Part), Fifth Meeting, p. 41.

17. League of Nations, *Provisional Minutes of the Sixth Session* (Second Part), Eighth Meeting.

15. *Ibid.*, p. 273. Cf. p. 483 et seq.

war material, while recognizing that certain members of the Commission prefer the method of direct limitation by specific enumeration, and that certain members would desire to see a combination of the two methods," sixteen delegations voted for, three voted against, and six abstained. The roll call was as follows:

*For*—Belgium, Canada, the British Empire, Spain, the Irish Free State, Finland, France, Greece, Japan, Norway, the Netherlands, Persia, Poland, Rumania, Czechoslovakia, Yugoslavia.

*Against*—Germany, Italy, Soviet Russia.

*Abstained*—Bulgaria, China, the United States, Sweden, Turkey, Venezuela.

The votes on these resolutions were not entirely conclusive, as several delegations were influenced by the phrasing of the questions rather than by the principles involved. Thus, on the final vote, the United States and Sweden abstained because they did not wish to contribute to the "majority" referred to in the resolution.

#### U. S. Restates Opposition to Budgetary Limitation

The position of the United States on the principle of budgetary limitation was set forth by Mr. Gibson on November 11. In this speech Mr. Gibson advanced no additional reasons for the continued objection of the United States, but merely referred to the earlier statements of the American delegation in 1926, 1927 and 1929. He seemed to ignore the fact that since the earlier statements had been made the idea of a comparison of expenditures in one country with those in another had been abandoned. The Commission, therefore, was not given a full explanation of why budgetary limitation was still unacceptable to the United States.<sup>19</sup> While the American delegation was unable to accept budgetary limitation in any form, it did not oppose an agreement on the part of the other powers. Mr. Gibson declared

18. It has been pointed out that one fact that may have influenced the position of the American delegation on the principle of budgetary limitation as a whole, but which was not publicly expressed, is the increasing cost of maintaining the American navy at the levels fixed at the London Naval Conference. During the past few years appropriations for new ships have been in the neighborhood of forty to fifty million dollars a year. If the navy is to be built up to the maximum limit allowed by the London Treaty, appropriations for construction alone will increase to approximately \$150,000,000. The cost of individual ships has also increased sharply in recent years. The first 10,000-ton cruisers laid down under the act of 1924 cost \$17,500,000 each to build. The cost of the latest 10,000-ton cruiser requested by the Navy Department in the 1930 bill is estimated at \$20,780,000. Cf. *Hearings before the Naval Affairs Committee of the House of Representatives* (No. 650), Government Printing Office, Washington, 1931.

It should not be impossible to frame a plan of budgetary limitation to authorize the United States and the other treaty powers to build up to the levels fixed by the Washington and London naval agreements.

that the United States would be willing to apply direct limitation for itself provided an effective method of budgetary limitation was applied by the other countries.<sup>20</sup>

This proposal, while acceptable to some delegates, was not generally approved by the Commission. Several countries declared that they would be unable to limit their own expenditure unless all other powers were willing to accept such limitation.<sup>20</sup>

The advantage of placing strict limitation on expenditure was set forth by several delegates. In discussing this method Lord Cecil confessed that it was not ideal. He said:

"It is recognized that the cost of living, the cost of labor, and so on, is so different in the different countries that it would be quite impossible to have a system of budgetary limitation which would make possible a comparison between country A and country B. What it would make possible is an element of comparison between what country A was doing in 1931 and what country A was doing in 1932, and, therefore, you would know whether country A was increasing its expenditure generally, and you would know, since you would also have a limit on the numbers of men employed, that if there was any considerable increase it must be an increase in material, or an increase in the pay of men, so you would know, roughly speaking, if you had an increase, that there was a considerable increase in military preparation, and particularly if there was an increase by way of material. I believe that would be an effective check."

As a further example of the effectiveness of budgetary limitation, Lord Cecil referred, by way of illustration, to the new 10,000-ton battleships under construction in Germany. These ships, he pointed out, were immensely stronger than the 10,000-ton cruisers of the other powers. One reason was that by unlimited expenditure Germany had been able to produce a more effective fighting unit. The numbers of ships and the amount of material might be limited but still there would be the danger of competition in expenditure. This could only be checked by a limit on the amounts which the different countries could spend.

After approving the general principle of budgetary limitation, the Commission proceeded to adopt Article 10 providing for indirect limitation of land material:

19. Speech of Mr. Gibson, League of Nations, *Provisional Minutes of the Sixth Session* (Second Part), Fifth Meeting.

20. Documents, cited; Report, cited, p. 17.



Article 10: "The annual expenditure of each high contracting party on the upkeep, purchase, and manufacture of war material of land armaments shall be limited to the figure laid down for such party and in accordance with the conditions prescribed in the annex . . . to this Article."

In determining these conditions, the Commission requested the final Conference to take into account the report of a Committee of Budgetary Experts, which was appointed by the chairman of the Preparatory Commission to draft a model table for reporting budgetary expenditure. The budgetary experts are to submit their report in time for the governments to consider before the Conference meets. For the information of the final Conference, the Commission also noted the three record votes taken on the principles of direct limitation, budgetary limitation and a combination of the two.<sup>21</sup>

#### **The Issue that Confronts the Disarmament Conference**

The confusing character of the entire debate on budgetary limitation, and the inconclusive result of the several votes make it difficult to sum up the situation which will confront the final Conference. It may be said, however, that a large majority of the Commission favor the method of budgetary limitation as applied to land material and as applied to the total expenditures for national defense. The United States is the only nation which consistently opposed any form of budgetary limitation, whether applied separately or in combination with direct limitation. The three countries which opposed budgetary limitation alone—Germany, Italy and Soviet Russia—favored it in combination with direct limitation. The position of Japan, which voted for budgetary limitation of land material but against total budgetary limitation, appeared to be influenced by that of the United States. At the beginning of the discussion, Mr. Sato, the Japanese delegate, said that his government was ready to accept budgetary limitation of war material. "I was prepared to accept the method of budgetary limitation," Mr. Sato continued, "but I could not recommend to my Government (or public opinion in my country) to

go into a Convention which could not be fairly applicable to all countries."<sup>22</sup>

Unless the United States is prepared to reconsider its position on this question before the final Conference, there would appear to be serious obstacles to the adoption of even indirect limitation of land material. Should the United States accept budgetary limitation, Germany and Italy would be required to decide whether they could accept this limitation without direct limitation of material.

#### **NAVAL ARMAMENTS<sup>23</sup>**

The general principle that naval armaments should be limited directly was accepted during the early meetings of the Preparatory Commission. Until the London Conference, however, the leading naval powers had been divided on the issue of limitation by "global" (total) tonnage or limitation by categories. One group of states, headed by France and Italy, contended that only the global or total tonnage should be limited, and that each country should be allowed to distribute this tonnage among the different categories as it chose. Great Britain and the United States, on the other hand contended that global limitation would be ineffective. They proposed instead that the tonnage in each category—battleships, aircraft carriers, cruisers, destroyers and submarines—should be limited separately. No compromise between these two schools of thought had been possible during the first six meetings of the Commission.

#### **The Achievements of the London Naval Conference**

At the London Conference a great deal of time was spent on this technical question. In the end a compromise was reached under which the parties to the London Treaty agreed, first, not to exceed the total tonnage which each would specify in a table. This total tonnage would be distributed among different categories specified in a second table. To meet special requirements, a certain percentage of transfer would be allowed from one category to another. This agreement was not incorporated in full in the London Treaty, due to the failure of France and

21. League of Nations, Documents, cited. Draft Convention, p. 7. Cf. p. 477.

22. League of Nations, *Provisional Minutes of the Sixth Session (Second Part)*, Sixth Meeting.

23. Chapter B.

Italy to sign the general limitation agreement. It was transmitted, however, by the chairman of the Conference to the Secretary-General of the League of Nations, and was forwarded to the Preparatory Commission.

The London Conference also drew up a series of definitions, rules for replacement of over-age vessels, rules for disposal of vessels and a list of vessels exempt from limitation. These technical rules and definitions were adopted by the Preparatory Commission, with slight modifications, and were incorporated as annexes to the naval chapter of the Draft Convention.

#### **The Conclusions of the Preparatory Commission**

The system of limitation finally agreed upon by the Preparatory Commission follows closely that agreed upon at London. Three tables are annexed to the text. Table I specifies the total tonnage, Table II specifies distribution by categories, and Table III specifies transfer from one category to another. The smaller naval powers criticized the provisions regarding limitation by category and transfer, which they regarded as unfair to countries with only relatively few ships. As a result, the Preparatory Commission agreed, in principle, that the smaller naval powers (whose tonnage does not exceed, say, 100,000 tons) might have full freedom to distribute their tonnage as they chose. The general principle is that freedom to transfer tonnage from one category to another should vary in inverse ratio to the amount of total tonnage.<sup>24</sup>

The provisions of the London Treaty were severely criticized by the Soviet delegation, on the ground that they had not reduced naval armaments. The Soviet delegation accordingly proposed an article which would provide for proportionate reduction, the exact percentage to be decided by the Conference. This article was rejected by the Commission. Several other delegations also sought to have the Commission recommend the abolition, or the reduction in size, of capital ships. These proposals were strongly resisted by the American delegation, and the Commission inserted, by way of illustration,

the figures laid down in the Washington Treaty. These fix the maximum tonnage of capital ships at 35,000 tons. Other figures, presumably, may be inserted at the final Conference. It is possible that several governments may propose formally either the abolition of battleships or a reduction in their size.

On the proposal of the British delegation, the Commission agreed to limit expenditures on naval armaments on lines similar to the limitation of land war material. Several countries including France and Japan, made a reservation to this article<sup>24a</sup> and the British and Italian delegations explained that their acceptance depended on the attitude finally adopted by the other naval powers.<sup>25</sup> This was an indirect reference to the United States, which repeated its general reservation on budgetary limitation.

A number of other reservations were made by the various naval powers to this section of the treaty. One of the most important was an Italian reservation, to the effect that Italy could not accept any specific method of naval limitation before all the powers had agreed on the proportions and the levels of maximum tonnage. This means, in effect, that Italy will not subscribe to any naval agreement until an understanding is reached with France regarding tonnage levels.<sup>26</sup>

#### **The Greco-Turkish Naval Agreement**

During the final session of the Preparatory Commission the delegates of Greece and Turkey announced the signing of a naval agreement. This agreement, while far less complicated than the texts proposed by the Preparatory Commission, was regarded as an effective method of checking naval competition. In a Protocol annexed to the Treaty of Friendship signed October 30 at Angora, the two parties agreed to

"... undertake not to proceed to any orders, acquisitions, or constructions of armed units or armaments without notifying each other previously six months in advance, in order that an opportunity may thus be furnished to the two governments to prevent any competition in naval armaments by means of a free exchange of views

24a. Article 24.

25. *Report*, cited, p. 17.

24. These principles were incorporated in a series of rules appended to the tables in the Draft Treaty. League of Nations, Documents, cited. *Report by the Commission*, p. 14-16.

26. The Italian delegation adopted this position at the London Conference, when it demanded "parity" with France. Cf. William T. Stone, "The London Naval Conference," cited.

and of explanations between the two parties in a spirit of perfect sincerity."<sup>27</sup>

#### AIR ARMAMENTS<sup>28</sup>

The limitation of air armaments presents a number of difficulties not encountered in the limitation of land or naval armaments. The problem of differentiating clearly between civil and military aviation has been a major obstacle to an effective system of limitation. At the Washington Conference a sub-committee came to the conclusion that because of this close relationship, limitation was practically impossible.<sup>29</sup> A majority of the technical experts of sub-Commission A of the Preparatory Commission came to the conclusion in 1926 that limitation of military aviation alone would be ineffective as it would be balanced by a corresponding expansion of civil aviation.

France and certain other powers on the Preparatory Commission originally contended that civil as well as military aviation must be limited. In 1929, during the first part of the Sixth Session, however, the Commission decided to limit only military aircraft, while discouraging "the embodiment of military features in the build of civil aviation material so that this material may be constructed for civil purposes. . . ."

#### Methods Adopted to Limit Air Armaments

As adopted on the final reading, the Draft Treaty<sup>30</sup> provides for the limitation of air material in service by means of two tables; one for armed forces, and the other for formations organized on a military basis.

Airplanes are to be limited, first, by number, and, second, by total horsepower. Dirigibles are to be limited by number, total horsepower and total volume.

The British delegation proposed the system of budgetary limitation for air material, as a supplement to direct limitation, but the article was rejected, six votes to five, with thirteen abstentions. The British delegation expressed regret at this decision and declared that without budgetary limitation, they believed "the air arm, potentially the most destructive to civilization, will be the most free for competitive international development."<sup>30a</sup>

The German delegation protested the failure to limit the stocks of aircraft in reserve and aircraft which had not yet been put together. The Draft Treaty, the German delegation contended, would permit countries to increase their stocks in reserve without any limit.<sup>31</sup>

The relation between civil and military aviation is dealt with also in the Draft Convention,<sup>32</sup> which, however, does not bind governments to prevent construction of commercial aircraft for military purposes. It merely prohibits governments from encouraging or "prescribing" military features in civil aircraft, and prohibits government subsidies for "air lines principally established for military purposes." These provisions were adopted on the recommendation of a Committee of Experts, which advised against measures which would obstruct civil aviation.<sup>33</sup>

### PART III—BUDGETARY LIMITATION

The method of budgetary limitation has already been fully described in connection with the limitation of land armaments material. In addition to limiting expenditures on land and naval material, however, the Draft Convention, in a separate chapter, provides for limitation of the *total* annual expenditure on land, sea and air forces, thus including personnel, maintenance and all

other charges. The Commission left the method by which budgetary limitation should be applied to the Committee of Budgetary Experts referred to above.<sup>34</sup> This Committee is to take into account the differences in budget systems, in purchasing power of various currencies, and fluctuations in rate of

27. League of Nations, *Provisional Minutes of the Sixth Session* (Second Part), Tenth Meeting, p. 26.

28. Chapter C.

29. Cf. David Woodward, "Limitation of Air Armaments," cited.

30. Articles 25 and 26.

30a. *Ibid.*, p. 20.

31. League of Nations, *Report of the Committee of Budgetary Experts*, C.P.D.40.1927., paragraph 148, p. 18.

32. Article 28.

33. *Report*, cited, p. 19.

34. Cf. p. 479.

exchange, and is to submit its proposals to the final Conference.<sup>35</sup>

The British delegation sought to have the Commission specify that land, naval and air expenditures should be limited separately, so that expenditures for one service could not be transferred to another. This proposal was not adopted, but the Commission requested the governments to take into account the report of the Experts' Committee. Similarly, a French proposal that funds unexpended at the end of the fiscal year should be carried over to the next year was referred to the experts.

The American delegation, without further explanation, made a general reservation on budgetary limitation and referred to its statement of November 11, 1930.<sup>36</sup> The United States was the only country to reject budgetary limitation unconditionally. Germany made a reservation pending the report of the Budgetary Committee. Thus the limitation of total expenditure, as well as limitation of expenditure on land and naval material, may depend eventually on the position taken by the United States and Germany at the final Conference.

#### PART IV—EXCHANGE OF INFORMATION

Under Article 8 of the Covenant members of the League agree to "interchange full and frank information as to the scale of their armaments, their military, naval and air programmes, and the condition of such of their industries as are adaptable to war-like purposes." In accordance with this provision members of the League submit each year a statement of their armaments which is published by the League in an annual volume entitled *Armaments Year-Book of the League of Nations*. Despite the obligation assumed under the Covenant, very few states have submitted full information as to the strength of their armaments; in particular, countries have been loath to reveal their stocks of war material. With rare exceptions<sup>37</sup> the governments have declined to submit figures showing the number of guns, tanks and munitions in service, and none have submitted figures showing stocks in reserve.

At the final meeting of the Preparatory Commission a sub-committee of experts was appointed to decide whether or not "there was any grave disadvantage, from a military and technical point of view," in giving publicity in regard to material in reserve; and, secondly, whether such publicity could, with-

out disadvantage, be given with regard to material in service. This sub-committee was unable to reach any agreement on material in reserve. In regard to material in service, a majority of the experts agreed that there was "no disadvantage" in publishing full information. At the same time they pointed out that such publicity could serve no useful purpose because guns and ammunition in service could be increased or decreased at a moment's notice by withdrawal of stocks from the reserve supply.<sup>38</sup>

The full Commission, after debating the report of the sub-committee, decided that inasmuch as a majority of the governments were opposed to revealing the amount of material in reserve, there was no purpose in publishing reports of material in service. The Netherlands, Germany and Italy were the principal countries which urged full publicity for material of all kinds. The French delegation proposed that publicity should be given to expenditures for the upkeep, purchase and manufacture of land war material; and this provision was adopted, despite the fact that it will not provide publicity regarding the stocks of material in existence when the Convention is signed. The Netherlands delegation pointed out, moreover, that the obligation to exchange complete information already existed in the League Covenant, while several delegates charged that countries were already increasing their reserve

35. The Committee of Budgetary Experts was originally set up by the Preparatory Committee in 1927, and made a provisional report which contained a model form for making budgetary returns. This form was criticized by some countries as too complicated. The Committee will therefore endeavor to meet the objections in its final report to the Conference. Cf. *Report*, cited.

36. *Report*, cited, p. 21.

37. In 1930 the only country which submitted figures of land war material in service was the Netherlands. The United States submits an annual statement to the League, including naval and air material, but not land material.

38. Cf. Statement of M. Cobian, Rapporteur of the sub-committee, League of Nations, *Provisional Minutes of the Sixth Session* (Second Part), Eighteenth Meeting, p. 26.



stocks of war materials so as to be in a favorable position when the final Conference meets.

#### Draft Treaty Provisions

As finally approved, therefore, the Draft Convention contains no provision for exchange of information on the stocks of war material. Provision is made<sup>38a</sup> for exchange of information showing the total number of effectives in the land, naval and air forces, according to model tables annexed to the treaty. Information is also to be exchanged showing:<sup>39</sup>

1. The number of youths who have received compulsory preparatory military training.
2. The number of days in the first period of service, in the case of conscript armies, and the total duration in days of ensuing periods.
3. The total expenditure on upkeep, purchase, and manufacture of land war material and naval material (but not air material).
4. Full information concerning new vessels of war laid down by the different countries.
5. Merchant vessels fitted, by stiffening of decks, for the mounting of guns not exceeding six inches.

6. Number and total horsepower of airplanes and number, total horsepower and total volume of dirigibles in service (but not in reserve) in the land, sea and air armed forces.
7. The number and total horsepower of civil airplanes and dirigibles registered within the jurisdiction of each party, and the amounts expended on civil aviation by the government and local authorities.
8. Total expenditure on land, sea and air armaments (but not total air material or air material in reserve).

In each case the information supplied shall be published by the Secretary-General of the League of Nations within a period of time to be specified in the Convention.

The German delegation made a number of reservations to Part IV of the treaty, noting particularly the failure to include publicity for trained reserves, the size of the annual contingent, the total of land and air material and the non-floating material of navies. As regards publicity of expenditure, it reserved its opinion until it had an opportunity to study the report of the Budgetary Experts.<sup>40</sup>

### PART V—CHEMICAL ARM

Part V of the Draft Treaty consists of but one article,<sup>42</sup> under which the high contracting parties, subject to reciprocity, undertake to abstain from the use in war of asphyxiating, poisonous or similar gases, and of all analogous liquid substances or processes. They undertake unreservedly to refrain from all bacteriological methods of warfare.

This article is based on the Poison Gas Protocol signed at Geneva in 1925 and proclaimed on April 3, 1928.<sup>43</sup> The United States, while approving the prohibition of poison gases in the Draft Treaty, has not yet ratified the Protocol which it signed on June 17, 1925 and sent to the Senate on January 12, 1926. The German delegation made a reservation to this article.

### PART VI—PERMANENT DISARMAMENT COMMISSION<sup>44</sup>

The creation of machinery for enforcement and supervision of the Disarmament Treaty was one of the essential provisions of the original French Draft Convention, submitted to the Preparatory Commission in 1927. Discussing this provision at the

Third Session, M. Paul-Boncour declared that France was

"... convinced that the Convention would be absolutely useless unless some means of enforcement or supervision were instituted in one form or another."<sup>45</sup>

At the same session the American delegation stated that supervision, particularly if under the jurisdiction of the League, would be un-

38a. Articles 30-36.

39. *Report*, cited, p. 22.

40. *Ibid.*, p. 23.

42. Article 39.

43. League of Nations, *Official Journal*, August 1925, p. 1158 *et seq.* Cf. "The United States and the St. Germain Treaties," Foreign Policy Association, *Information Service*, Vol. IV, No. 22, January 4, 1929, p. 433.

44. Part VI deals with miscellaneous provisions. The Permanent Disarmament Commission is treated in Chapter A.

45. League of Nations, *Documents*, cited, Third Session, p. 275.

acceptable to the United States. Mr. Gibson cited the fact that several other states, including the British Empire, Chile, Italy, Japan and Sweden, had regarded supervision by an international body as extremely complicated and impracticable. Mr. Gibson objected further on the ground that the United States was not a member of the League. The United States, moreover, believed that "any attempt to control, direct, investigate or inquire" within the territory of a party to the treaty would "inevitably tend to foster mistrust and suspicion and take us further away than ever from our common goal." If the members of the League of Nations, however, wished to provide such international supervision and if these provisions could be eliminated so far as the United States was concerned, the American government would cooperate to solve the problem."

The United States dropped its objections when the provisions for supervision were modified at the final session. In 1930, the question of supervision was referred to a sub-committee presided over by M. Politis, the Greek delegate. This sub-committee, on which the American delegation was represented, unanimously recognized the necessity of establishing at the seat of the League of Nations a Permanent Disarmament Commission. The principal duties of the Disarmament Commission would be: first, to follow the application of the Disarmament Treaty; second, to centralize information on disarmament; and, third, to submit an annual report to the parties to the treaty, to the Council of the League, and, indirectly, to world public opinion. Moreover, the Disarmament Commission would have authority to hear complaints that the treaty was not being carried out, and to examine the facts should a state wish to suspend temporarily the provisions of the treaty, as it might do under the terms of one section.

There was a difference of opinion on the composition of the proposed Disarmament Commission, and the Draft Treaty leaves this question to the final Conference. Some countries believed that each party to the treaty should have the right to nominate a member. Article 40, therefore, provides

that the Disarmament Commission "shall consist of  $x$  members appointed respectively by the Governments of . . . countries to be named by the Conference." The members of the Commission, however, are not to represent governments. They are to be appointed for a specified term of years, but may be re-eligible.

#### Powers of the Commission

The Disarmament Commission is given full power to lay down its own rules of procedure, except that these decisions must be reached by majority vote, each member having one vote.<sup>48</sup> Two-thirds of the full Commission constitute a quorum. When a question is brought before the Commission which affects a party not having a member of its nationality on the Commission, that party may appoint a member with an equal vote. If the question concerns a "complaint" or the "suspension" of the treaty, however, the votes of members appointed by interested parties shall not be counted. This applies to the regular members of the Commission as well.

The importance of the Disarmament Commission was emphasized by many delegates. Lord Cecil said:

"I myself attach the very highest possible importance to the creation of this body. I think if we can get that done it will be an immense step towards the organization of the reduction and limitation of armaments. You will then have a permanent international body always studying this question, always watching over the execution of whatever convention is agreed upon, and always ready to propose improvements and perfections with regard to it. In my view that will start an entirely new era in the whole question of armaments."

The American delegation, which objected to the original proposal for a Commission to supervise the treaty raised no objections on final reading and voted for the text as finally adopted.

#### RIGHT TO SUSPEND THE PROVISIONS OF THE TREATY<sup>49</sup>

The question of when countries should be relieved of the obligation assumed under the Disarmament Treaty, and the procedure re-

46. *Ibid.*, p. 274.

48. Cf. Articles 43-45 of the Draft Convention.

49. Chapter B.

garding complaints are closely related to the Disarmament Commission. Both the Washington and the London Naval Treaty contained an "escape clause" under which, in certain circumstances, the parties to the treaty might be relieved of their obligations. The Draft Treaty<sup>50</sup> provides a similar "escape clause." As finally adopted, the article covering "escape" follows closely the wording of a draft submitted by the American delegation. If, during the term of the treaty, a "change of circumstances constitutes, in the opinion of any high contracting party, a menace to its national security, such high contracting party may suspend temporarily in so far as concerns itself, any provision or provisions of the present Convention other than those expressly designed to apply in the event of war." Such suspension, however, shall not be made until the party has notified the other parties to the treaty and at the same time the Permanent Disarmament Commission through the Secretary-General of the League. A full explanation of the change of circumstances must be submitted to the other parties and to the Permanent Disarmament Commission. Upon such notice the other parties "shall promptly advise as to the situation thus presented."

The Disarmament Commission is not authorized to act as a tribunal in such a case, but is given power to investigate and report on the "change of circumstances." Likewise, the Council of the League of Nations would presumably consider the situation, upon being informed by the Secretary-General. Non-members of the League, such as the United States, would "advise" with the other countries at the same time. Thus, while any party to the treaty may, theoretically, suspend the provisions whenever it believes its security is threatened, in practice it is likely to consider very carefully the effect of its action on the League of Nations, the Disarmament Commission and the other parties to the treaty.

The escape clause of the London Naval Treaty contains no similar safeguards. It merely requires the party which invokes the clause to "notify the other parties . . . as

to the increase required to be made in its own tonnages. . . ."<sup>51</sup>

#### PROCEDURE REGARDING COMPLAINTS<sup>52</sup>

The method of dealing with complaints is likewise closely linked to the Permanent Disarmament Commission. The Draft Convention recognizes that "any violation of the provisions of the Convention is a matter of concern to all the parties."<sup>53</sup> Any party may lodge a complaint against another party which has violated, or is endeavoring to violate, the provisions of the treaty, as for example, by increasing its armaments above the treaty levels. This complaint must be brought before the Disarmament Commission through the Secretary-General of the League. After hearing the explanations of the interested parties, the Commission is to draft a report which shall be sent, not only to all the other parties, but also to the Council of the League. This report and the proceedings of the Commission must be published.

The Disarmament Commission has no authority to decide the dispute. The other parties to the treaty, however, "shall promptly advise as to the conclusions of the report," and if the countries directly concerned are members of the League, the Council may take action within the limit of its powers under the Covenant.<sup>54</sup>

#### FINAL PROVISIONS—THE SANCTITY OF TREATIES<sup>55</sup>

The final provisions of the Draft Convention involve the sanctity of the Treaties of Peace and constitute one of the most controversial sections of the treaty.<sup>56</sup> In effect, the continued acceptance of the military provisions of the Peace Treaties by Germany and the other central powers is made an essential condition to the observance of the Disarmament Treaty by certain other countries, regardless of the measure of reduction achieved by those countries.

51. Cf. United States, Department of State, *London Naval Treaty*, Article 21. Government Printing Office, Washington, 1930.

52. Chapter C.

53. Articles 51 and 52.

54. M. S. Wertheimer, "The League of Nations and Prevention of War," *Foreign Policy Association, Information Service*, Vol. VI, No. 11, August 6, 1930.

55. Chapter D.

56. Article 53.

50. Article 50.

The first paragraph of Article 53 provides:

"The present Convention shall not affect the provisions of previous treaties under which certain of the high contracting parties have agreed to limit their land, sea or air armaments and have thus fixed in relation to one another their respective rights and obligations in this connection."

This paragraph is based on a British proposal which was designed to safeguard previous treaties, including the Washington and London Naval Treaties. The clause makes it certain that the future general Disarmament Treaty will not supersede existing agreements for the limitation of armaments.

The second paragraph, which is based on a French proposal, goes a step further:

"The following high contracting parties . . . signatories to the said treaties, declare that the limitation fixed for their armaments under the present Convention are accepted by them in relation to the obligations referred to in the preceding paragraph, the maintenance of such provisions being for them an essential condition for the observance of the present Convention."

This clause refers specifically to the Treaties of Peace. From the first reading of the Draft Treaty the French delegation has made its acceptance of a Disarmament Convention conditional upon the renewal by Germany of its obligations under the Peace Treaty. M. Massigli, the French delegate, made this clear at the final session of the Preparatory Commission. He said:

"In this text the powers concerned define the conditions under which they accept the figures for limitation to be included, so far as they are concerned, in the Convention. That is a reservation, if you will, but a reservation duly noted beforehand by the other signatory powers and hence, as regards the powers by which it is formulated, an essential condition of their contractual undertaking."

The French view was strongly supported by Poland, Belgium, Yugoslavia, Czechoslovakia and Rumania, all of which are bound to France by treaties of alliance.<sup>57</sup>

#### The Position of Germany

The German delegation repeated the reasons why it could not accept any treaty based

on these conditions. Count Bernstorff declared:

"If the majority of our Commission only realized the paucity of the results achieved during the last five years, it would not place this factitious piece of work on the same footing as previous conventions. . . . It is possible that there may be among us delegations who imagine that my Government could be asked to give its signature to a Convention which, instead of leading to genuine disarmament, would only serve to draw a veil over the real state of land armaments throughout the world, or—which would be worse—would make it possible to increase these armaments and would at the same time force me once again to give Germany's signature to the disarmament clauses to the Treaty of Versailles.

"I beg of you gentlemen not to consider this possibility."

#### The Attitude of the United States

The American delegation, despite its efforts to remain neutral, was placed in a difficult position during the discussion of these political issues. Mr. Gibson, in explaining his vote on Article 53, said:

"I propose to vote for the British amendment. I wish to make it clear that this vote will be on grounds having no connection with the question which has been under discussion. As a Power already definitely bound by two naval treaties, I am concerned that somewhere in our treaty it is clearly stated that our naval treaties remain a binding force."<sup>58</sup>

By a vote of twelve to five, with a number of abstentions, the Commission rejected a proposal of the Bulgarian delegation to omit Article 53 from the Draft Convention. The article was then adopted by a vote of fourteen to nothing, with a number of abstentions.

In accordance with Count Bernstorff's statement the German delegation made a formal reservation to Article 53 declaring that:

"In so far as it does not refer to the Washington and London Treaties the German delegation would vote against the Draft Convention as a whole. The Draft as drawn up by the majority of the Preparatory Commission excludes essential elements from the reduction and limitation of land armaments. Instead of leading to real disarmament, this Draft would only serve to conceal the real state of world armaments or would

<sup>57</sup> League of Nations, *Provisional Minutes of Sixth Session* (Second Part), Seventeenth Meeting.

The Polish delegate said:

"One of the most important elements of security is the military system of countries which have been disarmed under the Peace Treaties. . . . The Polish delegation is in favor of maintaining in force and strictly observing the disarmament obligation arising out of the Treaty of 1919, always provided that the present Convention is accepted and applied in respect of the other powers."

<sup>58</sup> League of Nations, *Provisional Minutes of Sixth Session* (Second Part), Seventeenth Meeting.



even allow armaments to be increased. To accept it would at the same time be tantamount to the German signature to the disarmament clauses to the Disarmament Treaty of Versailles."<sup>59</sup>

A strenuous effort was made to avoid a formal debate on the dangerous political issues involved in Article 53. Nevertheless, the discussions of this article, and other provisions of the Draft Treaty, inevitably revealed the political alignment of the various powers. Thus Great Britain, by voting for Article 53 and by opposing limitation of trained reserves and direct limitation of land material, laid itself open to the charge of supporting the position of France and its allies. *The Manchester Guardian*, a leading British daily, strongly criticized the position taken by the British delegation and attacked Lord Cecil's stand on trained reserves and direct limitation.

During the last session of the Preparatory Commission, Italy supported Germany on most of the vital issues, thus reversing the position which it took at earlier meetings. When challenged by the French delegation to explain his change of view on the question of publicity for material, General de Marinis, the Italian delegate, declared that "the political situation" had been altered between 1927 and 1930, and it was now necessary "to go farther on the part of disarmament."<sup>60</sup>

Soviet Russia, Turkey and Bulgaria also supported the German view on most vital questions. A majority of the smaller European neutrals and most of the non-European powers on the Commission abstained from

voting on questions involving possible political controversies.

The countries will enter the forthcoming Conference, therefore, divided roughly into three groups: first, the majority group, headed by France, which desires to maintain and strengthen the political *status quo* and the inviolability of the Treaties of Peace; second, a minority group, headed by Germany, which seeks to bring about a general reduction in armaments; third, a group of smaller European powers and non-European countries, which wish to remain neutral.

#### RATIFICATION AND DURATION OF THE TREATY

The remaining articles of the Draft Treaty deal with the ratification, duration and revision of the Convention, and require little comment. Disputes concerning the interpretation or application of the present Convention shall be submitted to the Permanent Court of International Justice or to an arbitration tribunal chosen by the parties to the dispute.<sup>61</sup> The final Conference is to determine the duration of the treaty, which is to be re-examined at another Conference to be called after a certain number of years. The date of this meeting is to be fixed by the Council of the League of Nations after consulting the opinion of the Permanent Disarmament Commission and non-members of the League. The Convention may be revised by the signatories before the date set for general revision at the request of any party, with the concurrence of the Permanent Disarmament Commission.

#### CONCLUSION

The political issues which face the General Disarmament Conference are of even greater importance than the technical problems which confronted the Preparatory Commission. These political issues can only be mentioned here. They include the dispute over naval "parity" between France and Italy, which prevented a five-power treaty at London; the whole question of the revision of the Treaties of Peace, which has assumed

a new aspect by the support which Italy—one of the former Allies—has given to Germany and the defeated powers; the problem presented by the trend toward extremism in Germany; the problem of Soviet Russia; and finally the perpetual problem of security, which is complicated by the fact that the strongest nation in the world, the United States, does not share in the international machinery for the preservation of peace.

Some observers believe that the most

59. Report, cited, Paragraph 273, p. 30.

60. *Ibid.*, Eighteenth Meeting.

61. Article 54.

serious problem is that presented by the position of Germany. The disarmament conference is regarded in Germany as the final test of the sincerity of the other powers. If substantial reduction of armaments is not forthcoming, Germans declare that they will be justified in disregarding the military provisions of the Versailles Treaty and increasing their arms to the levels of their neighbors. But Germany has also made disarmament a test of the value of the League of Nations itself. Should the League fail in this test there are some who believe that the popular protest would be so violent that Germany would be forced to withdraw. No one could predict the consequences of such a development.

There remains the position of the United States. During the past five years the United States has cooperated, through the Preparatory Commission, in the disarmament work of the League. It has assisted in the negotiation of a naval agreement. If the United States is prepared to use its influence as the world's strongest power for the reduction of land and air armaments, it may, in the opinion of some observers, be the deciding factor at the final conference. If it takes the position that it is not directly concerned in land armaments, and can offer no proposals for reduction, the controlling influence may fall to states less able to demand concessions.

NOTE: The text of the Draft Convention and the final report of the Disarmament Commission, which contains the reservations of the different countries, have been published by the League of Nations and are available through the World Peace Foundation, Boston.

The titles of these are: Preparatory Commission for the Disarmament Conference,  
*Draft Convention*, C.687.M.288.1930.IX.

*Report by the Commission*, C.690.M.289.1930.IX.

# THE REVOLUTION IN BRAZIL

by

AGNES S. WADDELL

*with the aid of the Research Staff of the Foreign Policy Association*

*The material for this report was gathered by the author in Brazil, where she has been resident for the past year. Miss Waddell was formerly a member of the Research Staff of the Foreign Policy Association.*

## INTRODUCTION

BRAZIL was a colony of Portugal from the date of its discovery in 1500 until 1822, when an independent monarchy was established under Dom Pedro, son of the King of Portugal, who ruled until 1831. He was succeeded by Dom Pedro II, who was overthrown by revolution in 1889. On February 24, 1891 a new constitution was proclaimed, establishing a republican and federal form of government, with a President elected for a four-year term. At present the United States of Brazil consists of twenty states and two federal districts. In 1926 an amendment was adopted prohibiting federal intervention in matters peculiar to the states, except to repel invasion, and to insure the integrity of the nation and respect for constitutional principles, such as a republican form of government, the autonomy of the municipalities, the right to vote and the non-re-eligibility of Presidents and Governors.<sup>1</sup>

For a correct understanding of the problems confronting any government in Brazil several points must be made clear. Brazil is a country larger than the continental United States, excluding Alaska, and has a population of approximately 40,000,000. A glance at the map on page 491 reveals that over half this population is located in two main dis-

tricts—around Pernambuco in the north, and around Rio de Janeiro and São Paulo in the south. Of the remainder, all but 7 per cent are settled in the coastal belt, thus leaving an area of about 2,000,000 square miles in the interior inhabited by about 3,000,000 persons.

Five main products attracted settlers to Brazil and created prosperity.<sup>2</sup> The southern area is by far the most prosperous section of the country. The excellent harbor facilities in Santos and Rio de Janeiro, the rich agricultural and cattle-raising lands of Minas Geraes, São Paulo, Paraná, Santa Catharina and Rio Grande do Sul, and the industrial centers of São Paulo and Rio de Janeiro form a very prosperous block. As can be seen from Table I, these six states, with the exception of Santa Catharina, are important contributors to the national treasury. Of these, São Paulo is by far the most important. While the Federal District, with

2. These products are:

1. *Pau Brazil*, the red dye which first attracted settlers to the coast near Rio de Janeiro. This trade did not last long.
2. Sugar, which attracted capital and slave labor to all the coastal regions above Bahia, centering in Pernambuco.
3. Gold, which sent adventurers up from the coast into Minas, Goyaz and Matto Grosso.
4. Rubber, which drew men up the Amazon to the unhealthy and oft-flooded regions of its headwaters.
5. Coffee, which in more recent times has supplied the national purse with about half its receipts and has attracted a flood of labor from abroad to São Paulo and parts of adjacent states.

In addition, mention should be made of diamonds and stock-raising, both of which have had a share in Brazil's settlement and prosperity.

1. For the English text of the constitution, cf. Constitution of the Republic of the United States of Brazil, *Law and Treaty Series*, No. 5, 1927 (Washington, D. C., Pan American Union).

the port and great city of Rio de Janeiro, contributes over 43 per cent of the funds in the national treasury, it expends 48 per cent, or 5 per cent more than it contributes. On the other hand, São Paulo contributes 32.8 per cent and expends only 4.5 per cent in the state. The two next highest contributors, Rio Grande do Sul and Pernambuco pay in 5.6 per cent and 3.2 per cent, and spend 3.1 per cent and 1 per cent respectively. While federal expenses and receipts roughly balance in the rest of the republic, the excess of receipts in São Paulo is the

only sum available for the service of the foreign debt and similar expenses.

Of the eleven states along the coast north of Rio de Janeiro, only six contribute more to the national treasury than they draw from it. These are Espírito Santo, Bahia, Sergipe, Alagoas, Pernambuco and Pará. The remaining coast states, Parahyba, Rio Grande do Norte, Ceará, Piauí and Maranhão, and the three interior states, Goyaz, Matto Grosso and Amazonas, constitute a definite drain on the national treasury. This situation is summarized below:

**TABLE I**  
**FEDERAL EXPENDITURES AND RECEIPTS BY STATES IN 1928\***

(In contos of réis†—\$120)

	<i>Federal Receipts</i>	<i>Federal Expenditures</i>	<i>Amount remitted to (+) or received from (—) Union for federal expenditures</i>
Amazonas .....	11,382	11,874	— 492
Pará .....	25,028	14,257	+ 10,771
Maranhão .....	9,591	11,633	— 2,042
Piauí .....	3,639	5,888	— 2,249
Ceará .....	23,835	27,210	— 3,375
Rio Grande do Norte .....	7,013	9,058	— 2,045
Parahyba .....	9,129	10,025	— 896
Pernambuco .....	71,358	21,644	+ 49,714
Alagoas .....	11,998	6,817	+ 5,181
Sergipe .....	6,236	5,785	+ 451
Bahia .....	62,235	28,772	+ 33,463
Espírito Santo .....	10,026	5,698	+ 4,328
Rio de Janeiro .....	38,857	10,807	+ 28,050
Federal District .....	936,334	1,050,630	— 114,296
São Paulo .....	708,627	97,932	+ 610,695
Paraná .....	28,716	16,665	+ 12,051
Santa Catharina .....	19,042	18,179	+ 863
Rio Grande do Sul .....	125,505	63,476	+ 62,029
Minas Geraes .....	61,847	51,139	+ 10,708
Goyaz .....	1,098	2,702	— 1,604
Matto Grosso .....	5,242	7,589	— 2,347
Federal Territory of Acre .....	41,500	540,376	— 498,876
<b>TOTALS .....</b>	<b>2,218,238</b>	<b>2,018,156</b>	<b>+ 200,082</b>

\*Figures from *Brazil of Today*, published by Brazilian Ministry of Agriculture, Commerce and Industry, 1930.

†A conto of réis (1:000\$000) is a thousand milréis.

#### COMMUNICATIONS IN BRAZIL

Communication between the various parts of Brazil and even between adjoining states, except in the south, is difficult and slow. It is carried on largely and sometimes exclusively by water. From Rio de Janeiro there are road and railroad systems connecting

with Victoria, the capital of Espírito Santo, to the north, with Belo Horizonte, the capital of Minas Geraes, to the northwest and with São Paulo to the west. From São Paulo railroads run as far west as the Paraguay River, the Bolivia-Brazil boundary, and south to the southern border of Rio Grande





do Sul, connecting with the Uruguayan railroad system. In the north, however, roads and railroads run for only a short distance into the interior from the principal ports along the coast. For the rest, all communication was by water or on horseback until the development of auto roads in recent years. These, while for the most part comparable only to the dirt roads of the rural United States, immensely improve the situation.

From the above conditions there arise:

1. The preponderance of the southern states, and especially São Paulo, in national affairs.
2. The dependence of the northeastern and interior states upon the prosperity of the south, and especially São Paulo.
3. The apathy of such states as Amazonas, Matto Grosso and Goyaz with regard to national affairs.
4. The difficulty and delay in extending any sort of aid, whether political or social, to the interior and far northern states.

## THE POLITICAL ORGANIZATION OF BRAZIL

The student of Brazilian affairs must understand that the political system of Brazil cannot be comprehended in the terms of the American party system. Since its colonization, Brazil has been ruled by governments imposed from above. The majority of the people, illiterate and consequently uninterested, have no thought of choosing their state and national leaders. The Republic was the achievement of a thinking minority, and ever since its proclamation the country has been ruled by one party—the Republican. Monarchists exist, but have never presented candidates at any election.

Any opposition that appears is grouped about the personality of some candidate, and disappears after the election for which it was organized. Individual “outs” remain out, and the municipalities<sup>3</sup> which may have joined the opposition return to the support of the party in power. There have been a few exceptions, but they have been considered anomalies.

One of the few contested presidential elections occurred in 1920. President-elect Rodrigues Alves was prevented by illness from taking office on November 15, 1918, and the Vice President-elect became *ad interim* President. He called a new election, according to Brazilian law, on the death of the President-elect in January 1919. A most popular Brazilian orator and writer, Ruy Barbosa, ran in opposition to Epitacio Pessoa, the candidate of the Republican party, but after his defeat the political organization set up by his supporters disappeared.

Lately a new group, the Democratic party, has been growing in opposition to the Republicans. It was organized by, and includes among its members, many advanced political thinkers and idealists, but it is largely composed of “outs.” Its main strength is in São Paulo and Rio de Janeiro, although organizations have been created in almost every state of the Union.

The organization of neither the Democratic nor the Republican party is national

in the American sense. There is a Minas Republican party, a Rio Grande Republican party, a São Paulo Republican party, and so on through the states. In some states conventions with representation of the municipalities are held, by which an Executive Committee is elected to carry on the business of the party *ad interim*. Some of the state executive committees are practically self-perpetuating. Before a presidential election, the representatives of these state organizations choose the candidates. The initiative is generally taken by the leaders of the more important states; i. e., São Paulo, Minas Geraes and Rio Grande do Sul, and the other states are consulted as to their support. When a name is found that meets with the approval of a good majority of the states, the nomination is announced. The minority can then either fall in line or be left out. Generally the former is the case.

### IMPORTANCE OF THE FAMILY IN BRAZILIAN POLITICS

This system is made possible by the essentially feudal condition of the greater part of Brazil. Starting with the family, Brazilian life is organized in a series of ever enlarged units looking for advice and protection to some one person whose decisions on political, legal and social matters are eagerly respected.

Materially and spiritually the family is a close-knit unit. Its members seldom settle far from their paternal home, and usually remain under the influence of the family chief. In a given neighborhood (*vizinhança*) these family groups look for advice and protection to the head of the most powerful family; and among these, the most powerful or most respected *chefe* in the district, township or parish (*freguezia*) is *chefe* of the larger community. These relationships are purely personal and remain practically unchanged whatever political changes may take place in the upper structure of the state. The will of the *chefe* is law, in most cases because he is shrewd enough correctly to estimate and voice the general opinion of the community.

3. Municipality in the Brazilian organization corresponds to county in the United States. It consists generally of a town and its local trade district.

Among the local *chefes* there is generally a struggle for supremacy and the one who can secure the greatest support—whether because of wealth or political influence—governs the municipality or county, and, although he has no official federal standing, controls local affairs.

The post of municipal *chefe*, the lowest rung in the state political ladder, is subject to appointment by the political authorities of the party dominant in the state. Their recognition of a contestant carries with it the assistance of the police and all political patronage. If a municipal *chefe* not of the most strongly entrenched type offends his political superiors, it is generally easy to stir up a rival whose recognition by the Executive Committee is a complete punishment of the offense. By this method political discipline is maintained.

Advancement to greater political authority as agent or member of the Executive Committee depends on brains, heredity or wealth, and unflinching "regularity," and since in most cases there is only one organized party in the state, it controls all elections and appointments.

#### THE BRAZILIAN ELECTORATE

Suffrage in Brazil is limited to citizens who can read and write. This last qualification automatically eliminates some 75 per cent of the population, and of the remainder many prefer not to register rather than to put themselves in a position which only gives them trouble. The voter, after he has proved his qualifications, is given a certificate which must be presented at the polls on election day. In many places the *chefe* keeps the electoral certificates himself and gives them on election day only to those who he knows will vote as he wishes. The rest can be presented without much difficulty by others than their owners, and the death of a voter does not always prevent the presentation of his certificate at succeeding elections. Some local bosses hold no election and the election form sheets are returned filled in by the *chefe* or in blank for those better qualified to fill in as they see fit. As in many other countries, elections in Brazil, therefore, are rather one-sided and have been criticized of late.

Another point should be emphasized. The Republican party has no definite program, and therefore as each President or state Governor takes office, he is not held to any line of action. He may, but more often he does not, continue the policies of his predecessor, even in regard to half-finished public improvements, and he knows that when his term is finished his own policies probably will not be continued. This leads to irresponsibility in office, especially with regard to financial matters, and prevents the continuity of any policy of reform.

To this are added three differences from our system:

1. The President is elected by direct popular vote, thus magnifying the effect of local election frauds.
2. Nearly all appointed office-holders have a life guarantee of their posts, or a pension.
3. The Federal District is represented in Congress. As a result, the permanent employees have Congressional spokesmen and this, along with their control of social life in Rio de Janeiro, makes them very powerful.

#### THE POLITICAL SITUATION BEFORE THE 1930 ELECTION

The revolution of 1930 had its antecedents in the electoral campaign for that year. In 1929 President Washington Luis asked that no move be made to begin the presidential campaign until September, six months before the elections on March 1, 1930.

Several Roman Catholic associations, without waiting for the formal opening of the campaign, decided, however, to support the nomination of the Governor of Minas Geraes, Antonio Carlos de Andrade. His nomination was opposed by various state Governors.<sup>4</sup> Believing that Washington Luis was dictating this opposition, Antonio Carlos looked around for another candidate, finally approaching Getulio Vargas, Governor of the powerful state of Rio Grande do Sul, who had been Minister of Finance for a short time under the Washington Luis administration.<sup>5</sup>

4. Some observers point out that there is widespread opposition in Brazil to a President controlled by the Roman Catholic clergy.

5. The following is a list of the Presidents of Brazil in their chronological order, and the states in which they were born:  
 1889-91—Marechal Deodoro da Fonseca—Alagoas  
 1891-94 Floriano Peixoto—Alagoas  
 1894-98 Prudente de Moraes Barros—São Paulo  
 1898-02 Campos Salles—São Paulo  
 1902-06 Rodrigues Alves—São Paulo  
 1906-09 Affonso Penna—Minas Geraes  
 1909-10 Nilo Peçanha—Rio de Janeiro (for Affonso Penna)

In June 1929 Getulio Vargas wrote Washington Luis of his candidacy, apparently hoping to receive presidential support. But on July 25 the President replied that since seventeen states had agreed to support the candidacy of the Governor of São Paulo, Julio Prestes,<sup>6</sup> he saw no reason for refusing to support this candidacy. While expressing surprise, Getulio Vargas agreed to accept any solution satisfactory to the Minas Republican party. On August 1, however, Governor Antonio Carlos stated that he could not accept the Prestes candidacy.<sup>7</sup>

The opposition group now proceeded to organize the *Alliança Liberal*. This group, on August 2, 1929, announced a ticket consisting of Getulio Vargas for President and João Pessoa, Governor of the state of Parahyba, for Vice President. The following month, on September 12, the government ticket, headed by Julio Prestes and Vital Soares, was launched as a "guarantee of the continuation of policies which during the present four-year administration have contributed to the greatness and glory of Brazil. . . ."<sup>8</sup>

#### The *Alliança Liberal*

At its national convention in Rio on September 20, 1929, the *Alliança Liberal* was defined by Governor Antonio Carlos as not a party but an "alliance of parties." He issued an invitation to all who might wish to join. "Any party may become a member if it accepts the essential principles of the Constitution of February 24, [1891] if it accepts the present system of government and if it does not lean to a radical modification in substance and form of our institutions."<sup>9</sup>

The following were the principal parties which joined the Alliance: the Minas, the Parahyba and the Rio Grande Republican parties; the *Partido Libertador*, a party in

the state of Rio Grande do Sul heretofore in opposition to the Republican party; and the Democratic party of São Paulo. The *Alliança* also counted upon the support of opposition parties in other states.

There were, then, these three groups: the parties in power in Minas Geraes, Rio Grande do Sul and Parahyba; the opposition parties where any existed; and the "outs" throughout the whole country. Moreover, the *Alliança Liberal* platform made bids for the support of four other groups. First, by promising amnesty to the revolutionists of 1922 and 1924, their aid was assured. Second, a bid was made for Labor support. Third, the support of the Army was sought by one point of the platform, which provided for rehabilitation of the military service. Fourth, by promising to resume the irrigation projects in the northeast which Washington Luis had discontinued for reasons of economy, an effort was made to enlist the sympathies of that section.

In some important cases the parties united in the *Alliança* were sworn enemies under other circumstances, but in the great endeavor to elect a President all differences were forgotten. A striking example of this was the alliance of the two rival parties in the state of Rio Grande do Sul.

#### The Platform of the *Alliança Liberal*

The platform of the *Alliança Liberal*, which later formed the basis of the program outlined by Getulio Vargas when he attained the Presidency, contained the following items:<sup>10</sup>

1. A general amnesty to include all persons exiled for participation in the revolutions of 1922 and 1924.
2. The right of the people to select their own Chief Executive without interference from the President and politicians in power.
3. A recommendation in favor of the compulsory vote.
4. The necessity for a secret ballot and other methods of eliminating fraud, and the establishment of severe penalties for infractions.
5. That the Chief Executive of the nation be not allowed to accept the leadership of a political party.
6. That public instruction should be more widespread.

1910-14 Marechal Hermes da Fonseca—Rio Grande do Sul  
1914-18 Wenceslau Braz—Minas Geraes  
1918-19 Delfim Moreira—Minas Geraes (for Rodrigues Alves—São Paulo)  
1919-22 Epitacio Pessoa—Parahyba  
1922-26 Arthur Bernardes—Minas Geraes  
1926-30 Washington Luis Pereira de Souza—São Paulo

6. Julio Prestes in 1926 was leader of the majority of the Senate and presented to Congress the Monetary Reform Law, the keystone of Washington Luis' financial reform policy.

7. Letters by these leaders stating their positions were read in Congress and were published in the *Diário Oficial Federal*. Cf. also *Estado de São Paulo*, August 7, 1930.

8. *Estado de São Paulo*, September 13, 1929.

9. *Ibid.*, September 21, 1930.

10. *Estado de São Paulo*, September 21, 1930.



7. That hygiene should be carefully promoted.

8. That social legislation be studied and labor be allowed to organize in trade unions. "In the ten years that the International Bureau of Labor at Geneva has functioned, Brazil has spent about \$290,000<sup>11</sup> in representation there. Nevertheless, of the thirty-one or thirty-two conventions approved by that body and to be presented to the Brazilian Congress for final approval, only six reached Congress and of these none was voted upon. We will study these conventions carefully in order to apply them to the necessities of Brazil. . . ."

9. That federal justice be reorganized to insure less delay and to guarantee the independence of the magistrates.

10. That new statutes be drawn up for the governing of public officials, especially with a view to preventing nepotism.

In the realm of political economy the program promised:

11. Aid to agriculture, not only to coffee.

12. Cheap transportation, whether by road, railroad or water.

13. Protection to industries and other production in order to increase the favorable merchandise balance, "as it is estimated that the international balance of payments shows a deficit of at least one hundred million dollars annually."

14. Revision of the tariff downward, and its re-classification into three categories for the purpose of international commercial treaties.

15. To carry on the financial policy of the Washington Luis administration: stabilization of the currency, balancing of the budget, and increase of domestic production in an attempt to increase the surplus in the balance of trade.

16. Severe fiscalization of public expenditures, and absolute condemnation of secret bookkeeping practices.

17. Condemnation of indirect taxes, such as the consumption tax, as they weigh disproportionately on the needier classes.

18. That autonomy be granted the Federal District so that it may choose its own administrators.

19. That new equipment and units for the army and navy be purchased.

20. That the irrigation projects in the northeast be taken up, again.

During the last two weeks of December 1929 the government majority refused to form a quorum in Congress, absenting itself from the sessions. The *Alliança Liberal* demanded a quorum to discuss the coming election and formally to lodge charges of interfering with state governments against the administration. On December 19, when there was no session due to no quorum, the Liberal deputies delivered their speeches from the steps of the government building. The following day Flores da Cunha, active in the opposition, stated publicly: "If the government goes to extremes, we shall have no alternative but to take up the sword."<sup>12</sup> Baptista Luzardo, Congressional representative from Rio Grande do Sul, who was sent through the northern states organizing the opposition, was frequently reported to have preached revolution rather than election. On January 2, at a luncheon given in Rio de Janeiro by the *Alliança Liberal* to its candidates, João Pessoa, candidate for Vice President said:

"No Brazilian should weaken . . . whatever the obstacles . . . not hesitating as a last resort to take up arms in defense of the rights and prerogatives of the nation."<sup>13</sup>

In line with this violence of speech was the attempt made on the Vice President's life in Montes Claros, Minas Geraes.<sup>14</sup>

## THE ELECTIONS OF 1930

Elections were held on March 1, 1930, but it was not until May 20, nearly two months after the electoral investigating boards had

started their work, that Congress declared the Prestes-Soares ticket elected. The following figures show the vote as returned by the municipalities and as finally approved by the examining board:<sup>15</sup>

11. That is, 2,500 contos of réis.

12. Cf. *O Jornal*, December 21, 1929.

13. *Estado de São Paulo*, January 3, 1930.

14. On February 6, 1930 Vice President Mello Vianna arrived in Montes Claros and was greeted by about 2,000 people. On the way to his hotel, the Vice President was shot at—while his secretary and four others in the crowd were killed. (Cf. *Estado de São Paulo*, February 7 et seq.) President Washington Luis sent a federal attorney and force to Montes Claros to investigate, despite the protest of Governor Antonio Carlos who declared that the state police had jurisdiction. The President replied that the national government had the power to punish those who attempted the life of its Vice President. (*Diário Oficial*, May 4, 1930.)

	<i>Municipal</i>	<i>Approved</i>
Julio Prestes } .....	1,113,617	1,089,949
Vital Soares } .....	1,101,397	1,077,398
Getulio Vargas } .....	778,874	735,032
João Pessoa } .....	755,731	725,561

15. *Estado de São Paulo*, May 22, 1930.

Minas and Rio Grande furnished 82 per cent of the minority vote, with 307,000 and 300,000 votes respectively.<sup>16</sup>

No one has ever claimed that Brazilian elections are free except to the parties controlling the polls in each state, and the 1930 election was no exception. Borges Medeiros, leader of the opposition in Rio Grande, when asked by a representative of *A Noite*, a Rio de Janeiro paper, what he thought of the results of the election, said:<sup>17</sup>

"In accordance with last data we find that Dr. Julio Prestes has over a million votes and Dr. Getulio Vargas a little less than seven hundred thousand. We must therefore recognize frankly and loyally that Dr. Julio Prestes is elected. There may be and there are many votes to be subtracted from these totals in view of frauds which the electoral examining boards will find. These deductions, however, will be proportionate, as there were frauds in every state in the Union including our own. The electoral law, unfortunately, cannot prevent these things, and in view of our faulty civic education, there is no means of totally preventing such shameful practices."

When the reporter pointed out that in Rio Grande and many other states it was insistently reported that Rio Grande would not accept the solution presented and might even bring about a revolution, Borges Medeiros answered:

"I affirm that Rio Grande will keep order and peace, faithful to its traditions of respect to the constituted powers. I absolutely do not see that it would remedy existing evils, if they do exist, to apply an even greater evil, such as a revolution. . . ."

Other opposition leaders, notably Getulio Vargas and Senator Paim Filho from Rio Grande, publicly expressed similar views.<sup>18</sup> The majority, however, were dissatisfied with the elections. The fiery speaker Baptista Luzardo, five days after his return to Rio de Janeiro from the northern campaign, said:

"I declare so that everyone may hear, even those who do not wish to hear . . . that the revolution will take place. . . ."<sup>19</sup>

16. The Minas vote should have been higher. Governor Antonio Carlos promised close to 450,000 from his state. This number would have been assured had not a schism occurred in the Minas Republican party. The registration in the state ran to over 608,000 but only 353,000 votes were polled, of which 46,000 were for Prestes. It is generally conceded that many avoided voting and especially that many of the followers of Mello Vianna found it prudent to abstain.

17. *Estado de São Paulo*, March 20, 1930.

18. *Ibid.*, May 13, 1930.

19. *Ibid.*, March 23, 1930.

## FRAUD AND INTERVENTION CHARGED BY OPPOSITION

Meanwhile political fraud was charged in the seating of Congressional members from both Parahyba and Minas Geraes, and subsequently charges of "intervention" in the state of Parahyba were made against the federal government.

In Parahyba, after the electoral examining board (made up of two federal officials and one state representative) had finished its task, not a single opposition candidate was declared elected,<sup>20</sup> despite the fact that the Vargas-Pessoa ticket had polled 26,000 votes as against 10,000 for the Prestes-Soares ticket. In Minas the board did not have time to look into the election of delegates to the federal Congress. The delegates from that state were not officially recognized, therefore, and the question was thrown into Congress, in which the opposition was in a minority. As a result, although the opposition had polled 307,000 votes as against 46,000 votes for the government party in the presidential elections, it was given a representation of only twenty-three members as against fourteen for the government party.<sup>21</sup>

A dramatic turn was given to these and other political events when on July 26 João Pessoa, Governor of the state of Parahyba, who had been the vice presidential candidate of the *Aliança Liberal*, was assassinated by a personal and political rival, João Dantas, formerly a deputy, who it was charged was supported by Washington Luis. First of all, the President refused João Pessoa permission to import arms and ammunition into his state to combat João Dantas, who was declared to be in rebellion. Subsequently it was charged that Washington Luis ordered federal troops to Parahyba over the protest of the governor, thus violating the constitutional guarantee of the state against intervention.<sup>22</sup> After the governor's assassination it was regarded as significant that the rebels ceased their opposition and handed their arms over to the federal troops.

That sentiment against the Washington Luis government was growing was indicated

20. *Ibid.*, April 23, 1930.

21. *Ibid.*, May 12, 1930.

22. Cf. p. 489 for a summary of the constitutional provisions regarding intervention in a state by the federal government.

by the fact that in one week in the House of Representatives the following speeches were made:

On July 24 Mauricio Lacerda, a member of the Democratic party, after protesting against a long list of acts of the federal government and of the police of São Paulo, concluded: "Revolution is not an idea. It is involved in economic factors and social injustices. . . . The revolution is like a scientific fact—inevitable."<sup>23</sup>

On July 28, in a speech deploring the assassination of João Pessoa, a representative from Rio Grande do Sul finished his speech as follows: "This is the dilemma of the nation: slavery or revolution."<sup>24</sup>

On the following day Oswaldo Aranha, leader of the Rio Grande bloc and later "civilian chief" of the revolution in Rio Grande, said: ". . . At this instant there isn't a single man in all of Rio Grande do Sul who can doubt the nature of the future which awaits us. . . . The hour is near when the people of Rio Grande will redeem itself of the insults with which the central power has sought to subjugate us. . . ."<sup>25</sup>

### THREE ACCUSATIONS MADE AGAINST WASHINGTON LUIS

In all, three important accusations were made against the President. First, it was charged that he desired to impose his successor upon the country and that it was this desire which led him to disregard the autonomy of the states of Parahyba and Minas Geraes and to inspire congressional action which refused to recognize all of the legal representatives from the former state and fourteen from the latter. These political charges were made dramatic by the assassination of João Pessoa, for which the President was also held responsible. Second, Washington Luis was charged with the failure to grant amnesty to the revolutionists of 1922 and 1924. Many observers also felt that one of the principal causes of the revolution was what was described as the despotic, intolerant and stubborn attitude assumed by Washington Luis as head of the Republican party. Even friendly critics have declared that the revolution could have been avoided had the President followed the counsels of his political advisers and adopted a more compromising attitude in political matters.

Third, and perhaps most important, the President was charged with responsibility for the whole economic situation, which was caused mainly, it was alleged, by his policy with regard to coffee. Complaints were made that the state of São Paulo, the home of Washington Luis and the center of the coffee industry, had dominated the country to the neglect of other areas. Finally, financial maladministration and nepotism throughout the whole governmental structure were also denounced loudly, but responsibility for these was not laid directly at the door of Washington Luis.

The political charges have been treated already, and the economic situation, with special reference to coffee, will be dealt with in the section which follows.

### THE ECONOMIC BASIS OF THE 1930 REVOLUTION

The factor which contributed most to the revolution was the widespread unrest brought about by the economic depression, which was aggravated by the habit of previous Brazilian administrations of spending large sums borrowed abroad without commensurate returns. Outstanding examples of these loans were the 1921 loan for the northeastern irrigation project and the 1922 loan for the partial electrification of the government-owned railroad (*Central do Brasil*) linking the cities of Rio de Janeiro and São Paulo, the proceeds of which were spent for other purposes. Furthermore, since Brazil has had to borrow abroad every year most of the gold necessary to meet its payments of interest and amortization, its federal foreign indebtedness alone has grown from about \$215,000,000 in 1901 to \$683,000,000 in 1930.

#### The Situation Confronting Washington Luis in 1926

President Washington Luis took office on November 15, 1926. At the end of that year, the national internal debt amounted to approximately \$288,000,000. There was a total note circulation of \$308,316,480 against a gold reserve of only \$48,816,120, or a gold coverage of only 15.833 per cent. There also existed a floating debt of over \$57,000,000<sup>25a</sup> for which no appropriations had been made.

23. *Diario Official*, July 25, 1930.

24. *Ibid.*, July 29, 1930.

25. *Ibid.*, July 30, 1930.

25a. This debt comprised 334,000 contos paper and 14,000 contos gold.

Most important, however, was the federal foreign indebtedness, amounting at this time to approximately \$700,000,000.<sup>26</sup> In 1927 amortization payments, most of which had been suspended since 1898 by agreement,<sup>27</sup> again fell due. There was also the state and municipal foreign indebtedness, which brought the total foreign debt to approximately \$900,000,000. Assuming the average interest on these loans to be 6½ per cent, the interest service alone would require an annual gold payment of \$63,000,000. This, as well as dividends and other remittances on foreign capital invested in private enterprises in Brazil, both amounting to about \$175,000,000 annually, could only be met internally by a favorable balance in Brazil's international trade.<sup>28</sup>

To meet the financial situation confronting him, Washington Luis attempted:

1. To stabilize the milréis by giving it a value more in accord with its quotation on the market in 1926, and by the creation of a stabilization fund.
2. To increase the gold reserve for the conversion of the note circulation.
3. To balance the budget with a surplus.
4. To consolidate the floating debt.
5. To increase the Brazilian export balance by "defending" coffee, which constitutes over 70 per cent of the country's total exports.

#### Stabilization

The currency law of 1923, suspending the government's power to issue treasury notes for ten years and transferring note issuance to the Bank of Brazil, did much to stabilize the milréis. The monetary reform law of December 18, 1926, and two supplementary

laws of January 5, 1927, under Washington Luis, continued this policy. The monetary reform law proposed the stabilization of the milréis at about 12 cents,<sup>29</sup> and created a stabilization bureau (*Caixa de Estabilização*), which was to insure convertibility of its notes into gold at the fixed rate of exchange pending a definite return to a gold standard.

The supplementary laws of 1927 authorized the Bank of Brazil to buy and sell foreign exchange to maintain the milréis at the fixed rate. The bank further was authorized to provide for the convertibility of both the treasury notes outstanding and its own notes at the fixed rate, pending the return to the treasury of the \$10,000,000 stabilization fund turned over to the stabilization bureau in 1923. In the meantime, the treasury was to accumulate resources from actual gold reserves set aside according to law, budget surpluses, proceeds of credit operations and banking profits under the contract with the Bank of Brazil.

After the adoption of these measures, the milréis remained practically stable at 11.85 cents until October 1929, when the delay in floating a second coffee loan abroad precipitated a downward movement.

#### Gold Reserve

As previously stated, the ratio of the actual gold reserve to the note circulation on December 18, 1926, was 15.833 per cent. By applying budget surpluses and other revenues, this ratio was increased during the next three years, as shown in Table II.<sup>30</sup>

TABLE II  
BRAZIL'S GOLD RESERVE

Date	Note Circulation in contos of réis	Gold Reserve in contos of réis	Ratio of gold reserve to note circulation
December 18, 1926 .....	2,569,304	406,801	15.833
December 31, 1927 .....	3,004,864	842,358	28.033
December 31, 1928 .....	3,379,025	1,242,098	36.759
November 30, 1929 .....	3,403,137	1,266,214	37.207
December 31, 1929 .....	3,403,137	1,255,035	36.849

26. The principal items in this debt were represented by obligations totaling £102,430,000, 336,000,000 gold francs and \$120,383,834.

27. Cf. Carlos Inglês de Souza, "A anarquia monetária e suas consequências," *Cia. Monteiro Lobato*, São Paulo, 1924.

28. "It has been estimated that service charges on the . . . foreign debt, together with the return on foreign capital investments, annually amount to somewhere between \$175,000,000 and \$200,000,000. . . ." (Cf. "The South American Republics

and Their Dollar Bonds," *Moody's Investors Service*, July 17, 1930.) At the end of 1929 the total federal, state and municipal foreign indebtedness was placed at \$1,181,000,000. (*Ibid.*)

29. By this law the weight of the gold coin was fixed at 200 milligrams of gold .9 fine.

30. These figures were taken from the President's Message to Congress, May 3, 1928, 1929 and 1930. *Diário Oficial*, Rio de Janeiro, May 4, 1928, 1929 and 1930.



The amount of gold reserve reached its highest peak in November 1929; thereafter the break in exchange began to drain gold from the Treasury. By September 30, 1930 the ratio of gold reserve had fallen to approximately 20 per cent.<sup>31</sup> Bank of Brazil reserves remained constant, the decline being entirely in the gold stocks of the stabilization bureau.

For the first time since 1908 the budget presented small surpluses in 1927, 1928 and 1929, although service on amortization of the national debt was resumed in 1927. While the 1927 budget had been voted with a deficit of over 107 contos, actual receipts exceeded the estimate by about 241,000 contos, and expenditures were 283,000 contos less than estimated, thus leaving a surplus of 417,000 contos. Of this, about 385,000 contos was used for extraordinary expenditures, leaving a small surplus of about 32,000 contos.<sup>32</sup>

The following year the budget showed an actual surplus of over 198,000 contos. In 1929 the surplus was 175,000 contos.<sup>33</sup> In 1930, however, according to the head of the provisional government, the budget deficit was the largest ever recorded—one million contos of réis, or about \$100,000,000.<sup>34</sup> Extraordinary expenses consequent to the revolution were partly responsible for this huge deficit.

#### Consolidation of the Floating Debt

In a message to Congress on November 30, 1927, Washington Luis asked that it approve expenditures made by the two past administrations, from 1920 to 1926, covering urgent necessities for which no appro-

priations had ever been made. They included excess expenditures on items appropriated, budget deficits, expenses incurred during revolts, urgent repairs to war vessels, rescissions of contracts with railroads, etc., as detailed in the message. On January 4, 1928<sup>35</sup> Congress authorized these expenditures, and a foreign loan to cover them was floated in London and New York, amounting to £8,500,000 and \$41,500,000. Thus, despite budget surpluses, Brazil once more was obliged to borrow abroad to meet its financial obligations.

#### COFFEE IN BRAZIL'S BALANCE OF TRADE

The importance of coffee in the economic life of Brazil can best be appreciated through a study of the balance of international payments. As previously stated, the federal, state and municipal indebtedness of the country was estimated at the end of 1926 at approximately \$900,000,000.<sup>36</sup> In addition, investments by British, French, American and other capitalists in railroads, industries, insurance companies, plantations, electric light and telephone systems, and other private enterprises not covered by the bonds issued by the federal, state and municipal governments totaled close to \$800,000,000.

With practically no capital invested abroad, Brazil counts heavily on a favorable trade balance for the gold with which to meet these international payments. A study of the relation between exports and imports during the last few years will show how much of Brazil's annual payments is met by its balance of trade.<sup>37</sup>

TABLE III  
TRADE BALANCE OF BRAZIL 1901-1930

Period	Imports	Exports	Export Balance
1901-1905 .....	\$.....	\$.....	\$71,350,000*
1906-1910 .....	.....	.....	82,209,000*
1911-1915 .....	.....	.....	57,070,000*
1916-1920 .....	.....	.....	75,223,000*
1921-1925 .....	.....	.....	83,490,000*
1926 .....	388,197,000	458,074,000	69,877,000
1927 .....	387,021,000	431,028,000	54,007,000
1928 .....	440,650,000	473,490,000	32,840,000
1929 .....	421,133,000	460,838,000	39,705,000
1930 (estimated) .....	274,590,000	325,620,000	51,030,000

\*Average annual export balance for five-year period.

31. Cf. Weekly Bond Letter, *Moody's Investors Service*, December 29, 1930.

32. Approximately \$3,700,000.

It will be noted that while the average export surplus for the five-year periods since 1901 remained practically stationary until 1925, the decrease during the last five years has been marked. These figures, however, do not take into account the so-called "invisible items" of a nation's balance of trade—dividends on private capital, immigrants' remittances abroad, freight charges paid to foreign steamship companies and the money spent by Brazilians living abroad, including the expenses of the Brazilian diplomatic corps. Remittances by immigrants are estimated to amount annually to approximately \$20,000,000, while smuggling and undervalued imports not showing up in the customs figures usually require remittances totaling approximately \$25,000,000 annually.

The credit side of Brazil's international account in these items is negligible; few foreign tourists visit Brazil, and Brazilians abroad are not in the habit of sending funds home, while shipping earnings are small.

It would seem, therefore, that these invisible debits alone would practically cancel Brazil's favorable trade balance. Brazil, therefore, was in 1926, and is now to an even greater degree, dependent upon loans from Peter to pay small portions of its debts to Paul.

The only means of earning this gold would be through an increase of the country's production and of the value of its exports. Washington Luis attempted to obtain this increase by two means:

1. By encouraging production and commerce in general through the stabilization of the milréis, already discussed.
2. By increasing the value of the product which comprised 70 per cent of Brazil's total exports—coffee.

#### The Defense of Coffee

In his message to Congress on May 3, 1928,<sup>35</sup> Washington Luis summarized the situ-

ation which determined the measures taken for the "defense" of coffee, as follows:

"Coffee crops used to be sold in the national market during three or four months. The abundant supply lowered the price of the current crop permitting the purchase of quantities much superior to the yearly demand, the excess being kept in stock by foreign buyers. Having acquired these large crops at low prices and having formed their reserve stocks, the buyers easily could abstain from buying for a year or more, while the producers, through lack of credit facilities, were forced to sell each crop as it was ready. As a result, the buyers were in a position to dictate low prices even for the smaller crops of succeeding years.

"Furthermore, the sale of coffee abroad in three or four months brought into the country in this short period a large amount of gold drafts and letters of exchange, amounting to approximately £70,000,000. This determined a rise in our exchange and as a consequence the receipt, on the part of the producer, of a smaller amount of Brazilian paper currency. Therefore, coffee produced at a low rate of exchange (on an average 40\$000 a pound sterling) was sold at a high rate of exchange (30\$000 a pound sterling). But as soon as the crop was sold and the sale of drafts was over, the milréis returned to its former value, and sometimes lower, thus placing the producer in a disastrous position."

To protect themselves and to obtain the profits that were going to foreign speculators, the coffee-producing states of Brazil entered into an agreement on December 14, 1927 for the cooperative regularization of the supply of coffee and for the financing of the excess which was to be kept in Brazil in "regulating warehouses" awaiting a lean year. Although Espirito Santo, Bahia, Pernambuco, Ceará, Parahyba and Paraná joined in the agreement, the principal states involved were São Paulo, Minas Geraes and Rio de Janeiro.

The plan was as follows: Taking as a basis the export of the previous crop and adding a percentage to allow for the increase in world consumption, the consumption for the following year was calculated, and Brazil's probable share estimated. This amount was then distributed proportionately among the states signing the convention, and each state in its turn distributed its share to the railroads in conformity with previous transportation schedules. The railroad then assigned the amounts of coffee which each station could receive daily, and the producers

33. Figures on budget taken from President's Message to Congress, May 3, 1928, 1929 and 1930. *Diário Oficial*, May 4, 1928, 1929 and 1930. While it must be remembered that a considerable portion of these budget surpluses was only made possible by borrowing abroad, nevertheless foreign loans under President Washington Luis were considerably smaller than under his two predecessors.

34. Speech of Getúlio Vargas at a banquet given him in Rio de Janeiro by over a thousand representatives of the army and navy. Cf. *Estado de São Paulo*, January 3, 1931.

35. *Diário Oficial*, January 13, 1930.

36. Cf. p. 498.

37. Cincinato Braga, "Brazil Novo," *Estado de São Paulo*, December 18, 1930.

38. *Diário Oficial*, May 4, 1928.

delivering coffee at the station could estimate what their proportionate share would be. This was the coffee to be exported.

Knowing his share of the exportable coffee, each producer could then estimate how much of his coffee would have to be held. This balance, with the appropriate marks of identification, was then deposited in regulating warehouses built for the purpose. Portions of it would then be sold whenever crops should fall below the normal. This would avoid selling the entire crop in a few months and would store a surplus for lean years, thus avoiding the fluctuations due to an uneven supply. Establishments of credit, the Institutes of Coffee, were created to advance to the producers a certain percentage on their coffee in the warehouses, completing the payment and reimbursing themselves as this coffee was sold. To finance this plan in São Paulo, a state loan was floated abroad in 1926.<sup>38a</sup>

#### The World Coffee Situation

A well-administered coffee plantation in São Paulo can market coffee for 11½ cents a pound and realize a fair profit on its investment and labor. Because of climatic, soil and labor conditions, this is cheaper than it can be produced in any other part of the world, thus giving the São Paulo, Minas and Rio de Janeiro area a natural monopoly in the light types of coffee which they grow. Heavier types of coffee, however, are in demand, but these make up the exports from other coffee-producing countries.

Had the Brazilian producers been satisfied with a profit large enough to carry the average plantation, the plan for the defense of coffee might have attained its object, but

there were too many plantations—either old or administered by caretakers for wealthy and influential owners living abroad—which could only be profitable with a high return, and the pressure brought to bear on the government was such that the price of coffee was pushed above the safety mark of 15 cents a pound to as high as 22 cents a pound. Coffee-growing became such a profitable enterprise that in Brazil capital for new plantations was borrowed at 2 per cent interest compounded monthly.

Not only was new planting stimulated in Brazil, thus leading to overproduction, but coffee from the plantations in the countries along the Caribbean which could compete with Brazilian coffee at 15 cents a pound began pouring into the market. Coffee crops outside of Brazil which, for the five-year period preceding the 1927-1928 crop, averaged about 6,690,000 bags of 132 pounds, jumped in 1927-1928 to 8,000,000 bags and in 1928-1929 to 9,150,000 bags, and are reported to have been even larger in 1929-1930.

#### Coffee Stocks in Brazil

By November 1930 the coffee stored in warehouses, stations and in transit on freight cars in the state of São Paulo was estimated at 23,600,000 bags, of which about 17,000,000 bags were left over from the 1928-1929 harvest. This was already a million bags over the estimated world consumption of coffee in 1929, and twice the amount of Brazil's annual exports of coffee. Besides this, it was estimated that next year's crop would reach 16,000,000 bags. Table IV indicates the rate of growth of the stocks held in Brazil, its annual exports of coffee, the exports of other countries and annual world consumption.<sup>39</sup>

**TABLE IV**  
**COFFEE PRODUCTION AND CONSUMPTION**  
(In bags of 132 pounds each)

Year	Brazilian Crops	Export		World Consumption
		Brazil	Other Countries	
1920-1921 .....	14,497,000	12,368,000	5,787,000	18,462,000
1921-1922 .....	12,862,000	12,672,000	6,296,000	19,717,000
1922-1923 .....	10,194,000	14,465,000	5,705,000	19,162,000
1923-1924 .....	14,864,000	14,226,000	6,868,000	22,036,000
1924-1925 .....	13,721,000	13,480,000	6,762,000	20,506,000
1925-1926 .....	14,114,000	13,751,000	7,047,000	21,705,000
1926-1927 .....	14,184,000	15,115,000	7,068,000	21,298,000
1927-1928 .....	26,139,000	13,881,000	8,003,000	23,536,000
1928-1929 .....	10,929,000	14,281,000	9,150,000	22,479,000
1929-1930 .....	29,074,000	14,000,000 <sup>39a</sup>	.....	.....

The existence of large stocks of coffee tended naturally to force down the price, which from an average of 19 cents a pound during the sixteen-month period from May 1928 to September 1929 fell to 11 cents a pound in January 1930. On October 28, 1929 the Coffee Institute advanced about six dollars a bag on 9,000,000 bags of coffee which, because of valorization taxes and wasteful production methods, had cost \$17 a bag, on an average, to produce. This greatly depleted the funds available to the Institute for advances to growers, and negotiations were completed in April 1930 for a further loan abroad by which international bankers advanced \$100,000,000 to be secured by 16,500,000 bags of coffee.<sup>40</sup>

To summarize, the Institute floated a loan for the purpose of controlling and equalizing the yearly supply of coffee from Brazil. It went further and raised the price of coffee, making it possible for other countries to compete with Brazilian coffee and greatly stimulating production in Brazil itself. In the meantime the Institute, which had made

advances on an increasing number of bags of coffee annually, could not reimburse itself fast enough from sales to carry itself. Its total advances, although not satisfying the producers, were greater than its receipts, and the Institute, unable to get further loans abroad, stopped advances altogether.

With the collapse of the coffee defense scheme, many growers were ruined. The entire 1928-1929 coffee crop still awaited shipment and sale abroad. The wages of laborers on coffee plantations were reduced by 40 per cent, but in compensation workers were allowed to plant grain and vegetables in the space between the trees. Industry and commerce in turn were affected by the decrease in purchasing power and were forced to suspend or greatly diminish their activities, thus extending to the city population the discontent already rife in the interior.

In summary, there were two principal causes for the revolution—political dissatisfaction and economic depression, accentuated by government policy.

### THE REVOLUTION OF 1930

As previously stated, in the months following the elections there were two currents of opinion among the leaders of the opposition. Governor Antonio Carlos, Afranio Mello Franco, now Minister of Foreign Relations, and Oswaldo Aranha, then Minister of the Interior in Rio Grande do Sul, were loud in their insistence on the inevitability of a revolution. On the other hand, a group headed by Borges Medeiros and Getulio Vargas declared that the campaign had ended with elections which had been as fair as any in Brazil.<sup>41</sup> When the revolution was started, however, the two groups united.

The revolution began on October 3, 1930 in the states of Rio Grande do Sul, Minas and Parahyba. Uprisings were to have occurred at all the other state capitals simultaneously, but it is reported that the national government, warned of the plot, gave the signal a few days before the appointed time,

thus causing confusion among the revolutionists. In a short time, however, the movement sprang up in the remaining states of the republic.

The objective of the campaign, which promised to be of long duration and threatened to break up the federation, was Rio de Janeiro, on which three main revolutionary bodies sought to converge, from south, east and north. In the south, the Rio Grande troops immediately took possession of the railroad connecting that state with São Paulo, which gave them control of the western part of Santa Catharina, although the coastal section remained loyal. Paraná, after a few loyal federal troops had been disarmed and imprisoned, was entirely revolutionist. The main line of resistance to the southern attack was, therefore, the Paraná-São Paulo frontier, on which line the *Paulista* troops were massed. By October 24 the main body of Rio Grande troops was still en route, but Paraná troops had already been

38a. This loan, underwritten by London bankers, was for £10,000,000 and bore interest at 7½ per cent. It matures in 1956.

39. Figures on Brazilian crops are from the *Institute of Coffee*, São Paulo. All others are from a publication of the Department of Industry, Commerce and Agriculture, *Brazil of Today*, Rio de Janeiro, 1930.

39a. Estimate.

40. Cf. Lawrence B. Mann, "Overproduction of Raw Materials," F. P. A. *Information Service*, Vol. VI, No. 24, Part I, p. 450 et seq.

41. Cf. p. 496.



concentrated and some fighting had occurred. In the north, Juarez Tavora was in control of Pernambuco, but no decisive encounter had taken place. In western Minas, the government troops seemed to be pushing the revolutionary forces back, but Minas troops had crossed into the states of Espirito Santo and Rio de Janeiro.

#### THE MILITARY COUP OF OCTOBER 24, 1930

Such was the situation when on the morning of October 24 a number of generals in Rio de Janeiro drew up a manifesto to the city stating their plans, and delivered an ultimatum to the President giving him half an hour in which to resign. He refused, was taken prisoner and was held in Fort Copacabana until November 20, 1930 when he was allowed to embark for Europe. A committee of two generals and an admiral provisionally took over the government pending the arrival of Getulio Vargas. In São Paulo a similar overturn occurred the same night, and the route to the national capital was thus open to the southern revolutionary forces.

By these two unexpected moves at the national capital and in São Paulo, the revolt was suddenly and successfully terminated. Exactly one month after the outbreak of the revolution, the office of Chief Executive of the nation was transferred by the provisional military *junta* to Getulio Vargas "as chief of the victorious revolution."<sup>42</sup>

#### THE PROGRAM OF THE VARGAS GOVERNMENT

On taking office, Getulio Vargas summarized his government's program. It was essentially that of the *Alliança Liberal*.<sup>43</sup> Several items were made more definite, however.

1. Special commissions of investigation were to be set up to ascertain the extent of maladministration of public funds in the preceding administrations and to fix responsibility.

2. Two new governmental units were to be created: (a) a consultative committee, whose functions were not defined; and (b) a Department of Labor to study and legislate on social questions for the defense and aid of urban and rural workers.

3. After electoral reform, a constituent assembly was to be elected for the purpose of re-

vising the federal constitution to afford "greater protection of public and individual liberties and guarantee the states against interference by the central government."

4. The gradual extinction of *latifundia* (large landed estates) was to be sought through the direct transfer of small lots to agricultural workers.

Peru, on November 2, was the first nation to recognize the new government. After its formal installation the following day, ten other nations followed suit. The United States, following its recent policy of extending recognition to *de facto* governments, took similar action on November 8.<sup>44</sup> By November 9 twenty-eight nations, including the principal powers, had recognized the new government.

In the country itself, if one may judge from newspaper reports and the occurrences in São Paulo and Rio de Janeiro, the success of the revolution was everywhere greeted with enthusiasm. The military leaders as they passed through São Paulo en route to the capital were acclaimed by thousands and they were everywhere greeted as the regenerators of Brazilian politics.

#### REORGANIZATION OF GOVERNMENTAL STRUCTURE

Since November 3 the new government has been reorganizing the whole structure of government down to the municipalities, reorganizing old ministries, organizing new ones, dismissing public employees, appointing new ones, and along with this, investigating the actions of the previous administration. The more important measures taken by the new government can be divided roughly into two classes—political and financial.

Among the first acts of the revolutionary government was the decree on November 8 granting full amnesty to all civilians and military directly or indirectly involved in revolutionary movements in the country. This had figured already as the first item in the program of the *Alliança Liberal*. Under the laws of Brazil, amnesty carries with it the right of the beneficiary, when an official, to count the time of exile for purposes of promotion and to receive back pay. It was

44. On October 22, however, President Hoover had forbidden the export of arms to the revolutionists. (Cf. "An Arms Embargo Misses Fire," F. P. A. *News Bulletin*, Vol. IX, No. 52, October 31, 1930.) This action, according to some observers, was interpreted by the revolutionists as a distinctly unfriendly act.

42. *Estado de São Paulo*, November 4, 1930.

43. Cf. p. 494.

this which caused Washington Luis and his supporters in Congress to fight an amnesty bill introduced by the opposition. Unhampered by constitutional restrictions, the present government stipulated in the amnesty decree<sup>45</sup> that the beneficiaries would not receive back pay, although they might count the elapsed time of their imprisonment or exile toward promotion.

On November 11 the Provisional Government issued a decree dissolving the National Congress and all legislative assemblies, setting up a new machinery of government, suspending constitutional guarantees and exempting the acts of the new national and state authorities from examination by the judiciary, ratifying the acts of the military *junta* which preceded it and announcing the creation of two new bodies: a National Consultative Council, whose powers and attributes were to be regulated later; and a Special Tribunal for the prosecution and trial of political and administrative offenses in preceding administrations.

#### THE SUPREMACY OF PRESIDENT AND CABINET

The entire governmental structure of the nation was changed overnight. It was organized as follows:

1. The President and his Cabinet, made up of the leaders of the revolution.
2. Federal agents (*interventors*), appointed and removable by the national government, at the head of each state.
3. Prefects, appointed and removable by the federal agent, at the head of each municipality.

Each official was given full legislative and executive powers in his sphere, with discretionary powers over the constitution and legislation already in force. The acts of the municipal prefect were made dependent upon the approval of the federal agent; and those of the latter subjected to the approval of the national government. It was further provided that appeal might be made to the national government against acts of the agents.

To aid the Special Tribunal in establishing the extent of political and administrative malfeasance during past administrations, investigating boards (*Commissões de Sindicância*) were set up in all government de-

partments, federal or state. Many of these are already at work. In São Paulo, for example, eleven investigating boards were named—one for each of the ten districts into which the state was divided for elections, and the eleventh for the municipality of São Paulo. A central commission was also appointed in the capital with control over the district committees. Decisions may be appealed from the district to the central committee.

Prison sentences may be given by the boards of investigation for the following offenses: for crime against the public treasury; for coercion or violence against liberal or revolutionary elements during the past revolution; for violence or abuse of authority and fraud in the last elections; and for being considered dangerous to revolutionary reconstruction. Many have been arrested and are imprisoned awaiting trial.

Decisions of the state investigating boards and of the boards appointed by the national government, such as those working in the ministries or in the offices of the railroads and other enterprises under government control, may be appealed to the Special Tribunal.

Two new ministries were created by decrees of November 14 and 27—the Department of Education and Public Health and the Department of Labor, Industry and Commerce. These took over from the other government departments sections dealing with matters falling under the jurisdiction of their respective departments.

#### PROPOSED SOLUTION FOR UNEMPLOYMENT

To cope with the problem of unemployment which was especially pressing in the industrial centers of São Paulo and Rio de Janeiro, the Provisional Government on December 13 issued a decree limiting immigration for a year, obliging all employers to prove that two-thirds of their employees were Brazilian, and imposing an emergency tax during 1931 on all public officials. The proceeds of this tax, together with the subsidies heretofore given to steamship companies for transporting immigrants and to new colonies of immigrants, will be used in placing the unemployed and their families. The aid given them will include free trans-

<sup>45</sup>. Article 3.

portation to their destination, and the establishment of agricultural colonies with free medical assistance, plants, seeds and implements. In return, each adult will give approximately fifteen days' work to community projects.

#### THE GOVERNMENT PROGRAM TO EFFECT ECONOMY

Up to the present the curtailment of expenses has been the Provisional Government's principal object. To reduce its payroll it has dismissed many government employees; and the American Naval Mission, contracted for on November 6, 1922 and composed of thirty-five men, was released on January 31, 1931.<sup>46</sup> It is estimated that this effected a saving of \$250,000. Up to the present no action has been taken with regard to the French Military Mission, whose contract was renewed in 1927, and the American Agricultural Commission. Furthermore, in many departments the hours of the permanent staff have been extended, and public employees have been prohibited from holding more than one office.<sup>47</sup> In some departments the gap left by the dismissal of non-permanent employees could not be bridged by the permanent staff, and some employees have been recalled. In several states, however, positions have been filled instead by supporters of the present government.

A series of decrees of the new government deals with the re-establishment of private credit, badly disorganized by the revolution, which interrupted communications all over Brazil and paralyzed business. With the fall of the government, the provisional military *junta* on October 27 decreed a moratorium of thirty days covering all obligations which fell due from October 5 to 27 and all obligations contracted before October 27 but falling due any time up to November 30. This moratorium was approved by the Provisional Government and has been extended three times, the latest extension, on December 12, being for sixty days.

Transactions in foreign exchange were prohibited by the present government's de-

cree of October 27. A month later the total prohibition was removed, but many cumbersome restrictions were imposed.

On December 24 the Bank of Brazil was authorized to reopen its department for the rediscount of acceptances, including commercial notes in general, warrants and bills of lading covering products not easily destructible.

#### FINANCIAL POSITION

In the matter of the re-establishment of public credit, the Provisional Government is facing its most difficult problem. Washington Luis slowly built up a gold reserve in the Stabilization Bureau for the conversion of the paper money. However, with the drop of exchange, much of the reserve was drawn during 1930, and with the heavy expenditures during the revolution, the remainder largely disappeared. When the revolutionists came to power there remained £1,000,000 in gold as a guarantee for a new emission of 300,000 contos authorized by Washington Luis on October 17.

The Provisional Government has since been forced to take a number of steps which demonstrate its financial position. It suspended the convertibility of the notes of the Stabilization Bureau, and dissolved the bureau on November 22; it liberated the million pounds sterling previously mentioned and sent it to London to be used for payments on the foreign debt. After transactions in foreign exchange were again permitted under certain conditions, exchange was pegged. In the beginning of January 1931, however, this practice was discontinued and exchange seems to have started downward.<sup>48</sup>

On November 21 the Provisional Government issued 300,000 contos in Treasury notes bearing 7 per cent interest. These notes are redeemable one half at the end of one year and the remainder at the end of two years. They are exempt from taxation and, if at the end of their respective terms they have not been redeemed, they will be received in any federal department at their nominal value in payment of taxes. In other

46. In view of the Hoover embargo on arms to the revolutionists, which was said to have engendered considerable ill-will toward the United States, it may be significant that while the American Naval Mission was released, the French Military Mission was retained for the time being at least. Cf. footnote 44.

47. *Estado de São Paulo*, November 27, 1930.

48. On February 17, 1931 the milréis stood at 8.60 cents as against an average value of 11.85 cents from January 1927 to October 1929.

words, the government is borrowing 300,000 contos from its future receipts. States have made similar transactions. Meanwhile, a London banking group headed by N. M. Rothschild and Son have advanced Brazil an eighteen-month credit aggregating £6,500,000.<sup>50</sup>

#### COFFEE POLICY

One of the most important steps taken by the Provisional Government for the re-establishment of normal business conditions was the announcement late in December of its intention to buy the coffee now held for shipment, and to sell it over a period of ten years. At the end of 1930 there was a surplus of about 24,000,000 bags, on only

15,000,000<sup>51</sup> of which advances had been made by the Institute of Coffee before its funds were exhausted. According to the Coffee Agreement of 1927, this surplus, about twice the annual coffee export of Brazil, would have to be sold before the coming crops could be exported. As the Institute had no funds from which to make further advances, the coffee growers would have had to wait about two years for returns on their 1931 harvest. The purchase by the government of the surplus stock clears the way for private sales of individual crops, but it has not yet been definitely announced where the government will find the funds for this transaction.<sup>52</sup>

#### CONCLUSION

In an effort to establish the disinterestedness of the new régime, an attempt has been made to create a "Revolutionary Legion," members of which pledge themselves to defend public integrity in government positions.<sup>53</sup> The commissions of *Syndicancia* have unearthed fraud in many government departments and enterprises under the control of previous administrations, but there is no guarantee that frauds will not continue. Friends of persons now in power continue the old practice of importuning them for government jobs. There is a new set of leaders and among them some stand out for their disinterestedness, but this was also true of past administrations. So far none of the cabinet ministers in the Washington Luis administration have been prosecuted in the Special Tribunal; in fact all were allowed to leave Brazil. Even the President, against whom so many accusations have been made, was permitted to go abroad after his private files had been seized.

Signs of discontent with the present state of affairs already are appearing in the press. In Pernambuco, Rio Grande do Sul and Matto Grosso charges have been made that the federal agents are appointing relatives and personal friends to government posi-

tions. In São Paulo, the newspaper *O Povo* was suppressed for its inflammatory articles against the government; and the non-political paper, *O Diario Popular*, which pointed out many evils under the Washington Luis administration, constantly criticizes the financial and administrative policies of the new government whose coming it had greeted sympathetically.

Besides the danger of continued political corruption, the Provisional Government is threatened with political schism. So far, various crises have been conjured, but there are ever rumors of misunderstandings. The recent return of Arthur Bernardes and Epitacio Pessoa to prominence in secret political conferences in Rio de Janeiro seems to indicate that the predominance has swung to the old guard. What the outcome will be, whether a difference of opinion will arise so great that it will split apart the various elements who won and are consolidating the revolution, whether one element will become so powerful as to subordinate all others to its will, or whether all elements will continue to cooperate until their self-imposed task is finished, are questions of the greatest moment to Brazil.

50. Cf. *New York Times*, January 24, 1931.

51. *Estado de São Paulo*, December 31, 1930. The latest published estimate places Brazil's total coffee surplus at 36,000,000 bags. Cf. *Journal of Commerce*, February 19, 1931.

52. Cf. U. S. Department of Commerce, *Commerce Reports*, February 23, 1931, p. 488.

53. Cf. *New York Times*, November 14, 1930.